S. HRG. 101-246

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1990

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

H.R. 3012

AN ACT MAKING APPROPRIATIONS FOR MILITARY CONSTRUCTION FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1990, AND FOR OTHER PURPOSES

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MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1990

MONDAY, FEBRUARY 27, 1989

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:06 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Jim Sasser (chairman) presiding.

Present: Senators Sasser and Grassley.

DEPARTMENT OF DEFENSE

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

PRODUCTION AND LOGISTICS

STATEMENT OF ROBERT A. STONE, DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS), OASD (PRODUCTION AND LOGISTICS)

ACCOMPANIED BY:

- **MAJ. GEN. JOSEPH A. AHEARN, DEPUTY DIRECTOR OF ENGINEERING AND SERVICES, ODCS (LOGISTICS AND ENGINEERING) DEPARTMENT OF THE AIR FORCE**
- **MAJ. GEN. PETER J. OFFRINGA, ASSISTANT CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY**
- **REAR ADM. BENJAMIN F. MONTOYA, CEC, COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND, DEPARTMENT OF THE NAVY**
- **BRIG. GEN. MICHAEL P. DOWNS, DIRECTOR, FACILITIES AND SERVICES DIVISION, ODCS (INSTALLATIONS AND LOGISTICS) HEADQUARTERS, U.S. MARINE CORPS**

OPENING REMARKS

Senator SASSER. The subcommittee will come to order.

Today we begin our hearings on the military construction appropriation for fiscal year 1990.

The request before us is for $8,558,000, a reduction of $403 million from the total amounts appropriated by the Congress last year.

Before we get underway this morning with our witnesses, I do want to acknowledge the presence of our new ranking member, Senator Grassley, of Iowa.

Senator, we are delighted to have you as the new ranking member of this very important subcommittee. I am confident that you will make a very significant contribution to our work and to our deliberations this year. I look forward very much to working with you.

Do you have any comments you would like to make at this juncture, Senator?

OPENING STATEMENT OF SENATOR GRASSLEY

Senator **Grassley**. Thank you very much for your welcome. I hope I am able to satisfy you in your request that I make a significant contribution.

I am going to do what I can to accomplish that.

Of course, I am pleased to be here today for the first hearing of this fiscal year 1990 budget request for military construction and family housing.

As most of you know, there are no major military installations in my State of Iowa. However, we do have many active Guard and Reserve units, which are so vitally important to our national defense.

So I look forward to hearing the testimony of the Guard and Reserve because we are all aware of their expanding role. This is not to say that I am not anxious to hear the overview. Of course I am anxious to hear that. I look forward to listening and learning by participating in the work of this subcommittee.

Mr. Chairman, I would duly note a couple of points that will be with me throughout my involvement in this subcommittee.

Over the past 10 years, the defense budget has soared from its post-Vietnam trough to an unprecedented peacetime high in 1985, and it is still at that level.

I learned from page nine of the committee report for fiscal year 1989 that, over the same period of time, the increase in the military construction budget, in real terms, was double that of the defense budget.

I believe it is important to note that rather large increase in the context of future constraints in the defense budget caused by the deficit. Having also noted the tremendous backlog in construction accounts, I would stress the need in these tough budget times to place much attention and detail to prioritizing and making do with a lot less money than what the Department has been used to in the past.

I note, for instance, the proposal for a $1 billion increase from the current request for the fiscal year 1991 budget. I look forward to working with the distinguished members of this subcommittee, some of whom have served on this subcommittee for many years.

I expect that my chairman, the distinguished Senator from Tennessee, will continue his fine leadership during our budget deliberations this year.

He, of course, has only one other major problem facing him, and that is the entire budget resolution presented by him to the Senate. But I am also sure that he is going quickly to resolve that problem, so that he can concentrate on the work of this Military Construction Subcommittee.

So, Mr. Chairman, I look forward to working with you and our colleagues. I want to welcome all of our witnesses today, and I look forward to working with all of you as well.

I want you to know that my door is open any time you feel a need to come and visit with me privately.

Senator **Sasser**. Thank you very much, Senator Grassley.

Our first witness this morning is the Deputy Assistant Secretary of Defense for Installations, the Honorable Robert Stone.

Before calling on you this morning, Secretary Stone, I would say to the members and to the witnesses specifically that we have a great deal of ground to cover today, with a number of witnesses. So I hope we will all be as brief in our statements and our responses as possible and still fully cover them.

You may proceed, Mr. Stone.

Mr. STONE. Thank you, Mr. Chairman. Senator Grassley.

It is a pleasure for my colleagues and me to be here today to present the Department of Defense request for the facilities necessary to support the defense of our Nation.

Facility investment is critical. To achieve maximum combat capability, we need the right kinds of working and living places to get and keep the best people and to get them to give us their best efforts.

Building new facilities and revitalizing existing ones will enable us to support the people who operate weapon systems and accomplish military missions.

An investment in facilities is an investment in our defense people, one that will be repaid many times over in the form of improved pride, performance, and combat readiness.

Our current military construction request is based on President Reagan's budget for fiscal years 1990 and 1991. There will be a Bush administration amendment, so the numbers we'll discuss today are going to change.

For now, our 1990 request is for $8.6 billion. In real terms, that is 8 percent less than the appropriation for 1989.

This shrinkage is in part the result of a sharply constrained defense budget, as well as competing high priority, new weapon systems, and must-pay expenses.

At the committee's direction, we have prepared our budget this year and distinguished between construction to support new missions and construction to renovate our existing physical plant.

About 36 percent of our construction request is for construction to support new weapon systems; 25 percent is for replacement or modernization of facilities that support existing missions; and 39 percent is for family housing.

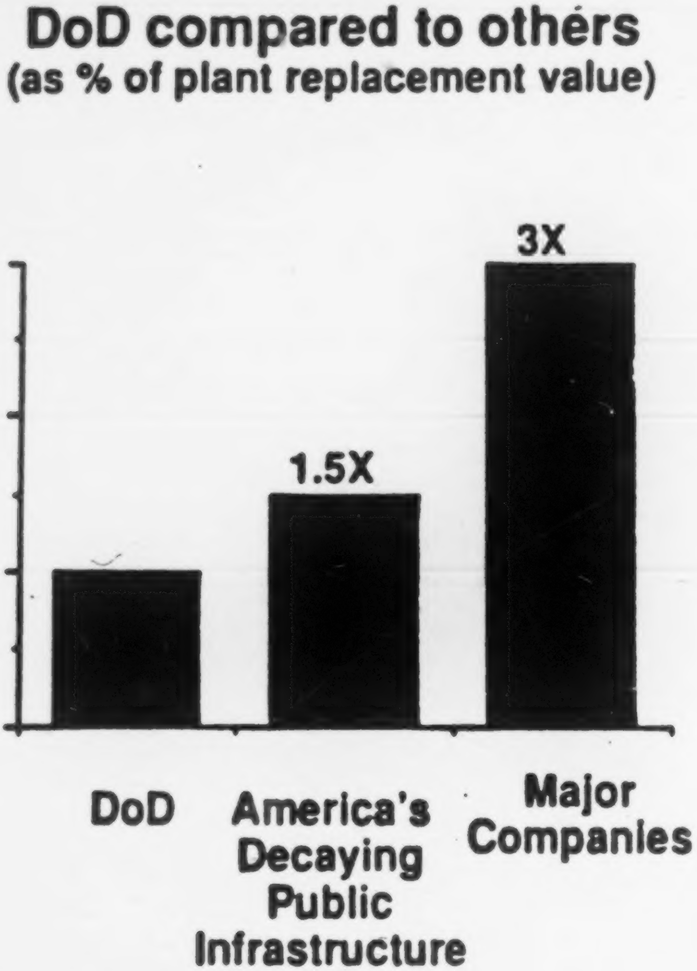
Our request for 1991 currently is $9.6 billion.

Mr. Chairman, members of the subcommittee, I hope that you got to see "60 Minutes" a week ago last night and the piece they did on New York City. It was a striking picture and commentary of what happens in the United States when our infrastructure is not properly maintained. They showed striking pictures of the collapse of the West Side Highway, followed a couple of years later by the collapse of the East Side Highway. They showed a dangerously inadequate city water supply and the people there are concerned that they are just going to run out of water when these ancient conduits break, as they expect them to do.

They even showed a bridge which has had to be removed from operation because the reinforced concrete holding the bridge up has frittered away. There is a place in a column where all they showed was reinforcing bars.

The reason I wanted to bring this to your attention is because of a study we have done in the past year, comparing our military construction investment with America's investment in infrastructure, and with investment in facilities at 10 major corporations.

We have a chart that I would like to show you at this time.



Mr. STONE. The three bars there represent as follows: The one on the left is DOD; the one in the middle is America's decaying public infrastructure; and the one on the right is 10 major corporations. The lengths of the bars represent the investment in physical plant as a percentage of plant replacement value.

Senator SASSER. Let me ask you this, Mr. Secretary.

The middle bar there, America's decaying infrastructure, is that public infrastructure both Federal, State, and local governments?

Mr. STONE. Yes, it is, Mr. Chairman.

The numbers there come from a commission that was set up by Congress about 4 years ago, to respond to a general concern with what was happening to America's transportation systems, water systems, and waste systems, in particular.

What we found, strikingly enough, was that the public infrastructure is being replenished at a rate 50 percent greater than DOD's physical plant, and that 10 major corporations are replacing their facilities at a rate three times that of the Defense Department.

The reason that the major corporations are doing this is because of a determination to get and keep the best people and to get the most they can from their people. Those are the same reasons that the Defense Department needs to be investing in facilities.

For fiscal year 1990, by comparison, the Defense Department is proposing total investment—and I'm talking both construction and maintenance of real property—and it includes money that is appropriated by the Congress; money that is provided by NATO and the Japanese Government; and money that is provided by profits from sales to soldiers, sailors, and airmen, the so-called nonappropriated funds, as well as private investment.

When you add all of that together, we are investing 2.8 percent of the replacement value of our physical plant, compared to 4.5 percent for America's decaying public infrastructure, and 9 percent for private corporations.

I have discussed the need for investing in military facilities with most of our unified and specified commanders. They agree with the findings of this committee last year that we must provide a much better working and living environment so that we can get our very best people to give us their very best effort.

There is one other thing I would like to mention, Mr. Chairman.

One of the ways we can minimize, and we are working to minimize, the impact of our facility needs on the defense budget is to increase the amount of private sector investment in military facilities.

The Congress has given us authority to pursue private sector initiatives, and, while we have made some progress, we have not done nearly as well as I would have hoped.

However, we are continuing to look for new ways to increase private sector investments. Unfortunately, it is taking several years for us to get the private sector to provide our people with the very first child care center and the very first office building under the authority we have been given in 10 United States Code section 2809.

Just like other American communities, our military installations offer lots of opportunities for good business ventures. We have, as they say in the trade, the three most important attributes—location, location, and location.

These profitmaking ventures can provide needed services to our people. They can provide services in many cases more efficiently than we can.

While a certain amount of private enterprise has always been permitted in our military installations, in the past few years, Congress has given us some additional authority, including construction and operation of housing, temporary lodging facilities, and child care centers. As a result, we have been able to avoid spending money for some capital investment, we have saved operating costs, and we have provided better services to our people.

We have thousands of leased family housing units, about $1 billion in energy plants, dozens of fast food restaurants and a few additional housing projects, such as the manufactured housing at Fort Ord, CA.

We need to renovate a large part of our family housing inventory. We need more new housing. We need to upgrade many of our utility plants, and we foresee a great opportunity to acquire cheap electricity and central heat as a byproduct of privately operated waste plants.

PREPARED STATEMENT

In conclusion, Mr. Chairman, we solicit your support for our requested facilities investment. The payback for this investment in facilities will be in people, their attitude, their productivity, and their pride.

This concludes my summary, Mr. Chairman.

With your permission, General Ahearn would like to add a brief comment, if he may.

[The statement follows:]

STATEMENT OF ROBERT A. STONE

INTRODUCTION

Mr. Chairman and members of the Committee. It is a pleasure for me to be here today to present our military construction request for fiscal years 1990 and 1991, and to discuss why we need to invest in defense facilities. I look forward to working with you because only together can we provide the facilities necessary to support the defense of our nation.

FACILITY INVESTMENT

Facility investment is critical to the success of national security. In order to achieve maximum combat capability, we need the right kinds of working and living places to get and keep the best people, and get them to give us their best efforts. Building new facilities and revitalizing our existing ones will enable us to support the people who operate weapons systems and accomplish military missions. An investment in facilities is an investment in our Defense people; an investment that will be repaid in the form of improved pride, performance, and combat readiness.

We don't propose investing in military facilities just so we have a lot of modern, good looking bases. The value of excellent military facilities is well known by our military commanders, who say they are the key to increased combat capability.

FACILITY BUDGETS

The military construction budget is based on an assessment of the perceived threat to our national security, and on a determination of the facilities required to deploy and maintain weapon systems, train our forces, and take care of our people and their dependents. Added to these requirements are projects needed to protect our existing plant account and keep it operating for its intended purposes.

The current military construction request for fiscal year 1990 totals $8.6 billion. In real terms, the fiscal year 1990 budget is 8 percent less than military construction appropriations for fiscal year 1989. This negative growth is in part the result of a constrained defense budget, as well as competing high priority new weapons systems and "must pay" expenses. About 36 percent is for construction to support new weapon systems; 39 percent is for family housing; and 25 percent is for the replacement or modernization of those facilities that support existing missions or weapon systems.

The fiscal year 1991 military construction budget totals $9.6 billion.

For you to better understand why we need to invest in military facilities, and to lend support to the military construction budget you have for consideration, I would like to concentrate on three main points: (1) the size and diversity of our current base structure; (2) the relative lack of investment in military facilities when compared to similar infrastructure investments by other public sector entities, including State and local governments, and by major U.S. corporations; and (3) the payback from investment in military facilities in terms of increased personal pride and professionalism, and thus productivity and defense capability. I also would like to explain how we are meeting some of our requirements through private sector investments.

MILITARY BASE STRUCTURE

The Department of Defense manages a base structure dispersed to all fifty States, six U.S. territories or possessions, and 21 foreign countries. It encompasses about 42,000 square miles, roughly the size of Tennessee, and includes over 1,200 major bases, most operating very much like cities with their own housing; transportation systems and traffic problems; police and fire departments; utility systems; commercial and industrial areas; communication networks; waste handling systems; and medical, school, religious and recreation facilities. The Department also manages another 4,300 smaller bases and properties.

Our defense facilities include about 435,000 buildings, as well as countless runways, streets, training ranges, hangars, and maintenance shops. The replacement value of that plant account, excluding land, is expected to reach $580 billion by the end of fiscal year 1990. I could go on describing the magnitude of the Department's base structure, but the point is that our plant account is extremely large and diverse.

To help you appreciate the urgency for continued investment in defense facilities, I should point out that the Military Departments classify one out of every five buildings as "temporary"and about 30 percent as substandard. About 60 percent of our facilities are over 30 years old; the average age being 35 years.

DOD FACILITY INVESTMENT COMPARED TO INVESTMENT BY OTHER PUBLIC ENTITIES AND MAJOR CORPORATIONS

Our military bases are like cities. Over the past year, we have studied how other public sector organizations and the private sector invest in their facilities. Public facilities were thought to be in such terrible shape that an independent commission was established by the Public Works Improvement Act of 1984 to study the situation. In February 1988, the National Council on Public Works Improvement reported to President Reagan and the Congress on the state of this country's infrastructure, including waste handling, transportation and water supply systems. After 2 years of study, the Council "found convincing evidence that the quality of America's infrastructure is barely adequate to fulfill current requirements." The Council, after stating our public facilities were decaying, recommended doubling the investment rate.

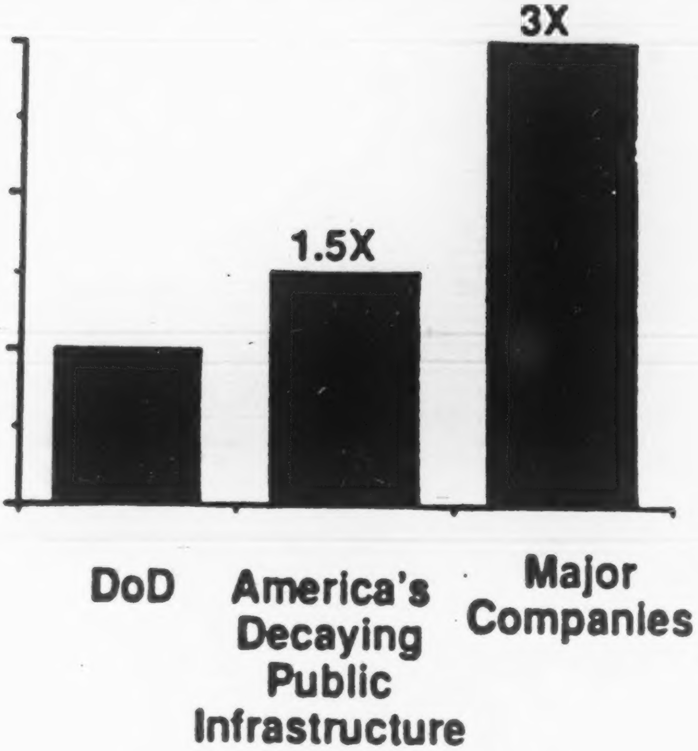
We found that public sector facilities are being replenished at a rate 50 percent higher than those of the Department of Defense.

We also conducted an in-depth review of the way the private sector invests in their facilities. We found that major companies, such as IBM, Marriott, 3M, and Mobil, invest in facilities to get and keep the best people, to get the best from their people, and to improve the accomplishment of their work. These major companies recognize excellent facilities contribute significantly to their attaining and keeping a comparative advantage over its competitors. We want the same for our military. We must invest in facilities that support our military people. Excellent facilities produce increased combat capability.

We found that private sector facilities are replenished at a rate 3 times higher than those of the Department of Defense.

For fiscal year 1990, the Department of Defense proposes total facilities investment at a rate that is roughly 2.8 percent of our plant replacement value, vice 4.5 percent for the rest of the public sector and 9 percent for private corporations. I've discussed the need for investing in military facilities with most unified and specified commanders. They agree we must provide the working and living environment so that we can get our very best people to reenlist.

DoD compared to others
(as % of plant replacement value)



PAYBACK FROM INVESTMENT

There are numerous examples of how new or improved facilities "payback" the cost of the investment. An investment in facilities is an investment in people, and by giving people the proper facilities will add to their personal pride and professionalism, and we will get better mission capability.

But, we don't have enough or the right kinds of facilities.

One Marine Corps headquarters is spread among 27 separate buildings.

We have at least 50,000 soldiers who must routinely maintain their equipment in the mud.

There are places where supplies must be handled in 60-year-old warehouses, which are not able to be equipped with the latest in material handling equipment.

We have a million office workers who are not fully productive because they have to use over-crowded, inefficient areas.

Many of our military trainees live and learn in ramshackle buildings.

Eliminating obsolete facilities can save money. Worn out buildings can have considerable costs in terms of high maintenance and utility bills. But they pale in comparison to the lost productivity of the people who work in them. Our military people are important to the defense of our nation, and we want them to believe it too. So we must give them the facilities they need to do their jobs right. With good facilities, our people will want to do their best job, they will do so with far more enthusiasm and pride, and our investment in facilities will begin to payback immediately.

A modern maintenance shop will reduce the "downtime" on a tank or airplane, and keep the weapon operating and available for training or deployment at a fraction of the cost of buying additional weapons. In addition, a weapon maintained in a modern maintenance shop will outperform and outlast a weapon maintained in the mud.

The military leaders of the U.S. Army in Europe have shown that the primary return on upgrading training areas is higher weapon qualification scores attained by units who have trained on the upgraded ranges. At one new range, our tank gunners increased the number of first round hits by 16 percent and reduced the time it takes them to open fire on a new target by 30 percent. This is a tangible improvement to defense capability.

PRIVATE SECTOR INVESTMENT IN DEFENSE FACILITIES

One of the ways we can minimize the impact of our facility needs on the current Defense budget is to increase the amount of private sector investment in military facilities. You've given us authority to pursue private sector initiatives, and while we have made some progress we haven't done nearly as well as I would have expected. However, we are continuing to look for new ways to increase private sector investments. Unfortunately, it is taking several years to get the private sector to provide our people with the first child development center and office building under the authority of 10 U.S.C. 2809.

Just like other American communities, our military installations offer lots of opportunities for good business ventures. These ventures can provide needed services to our people while offering a good rate of return to the investor. We have the customers and the locations to make many ventures successful.

Private sector investments often can provide services more efficiently than we can. While you have always permitted a certain amount of private enterprise on our installations, in the past few years you have given us some additional authority, including those related to the construction and operation of family housing, temporary lodging facilities, and child care centers. As a result, we have been able to avoid spending money for some capital investment, we have saved operating costs, and we have improved service to our people.

To date, we have done remarkably well. We have thousands of leased family housing units, about a billion dollars in energy plants, dozens of fast food restaurants and a few no cost projects such as the manufactured housing at Fort Ord, California.

We need to renovate a large part of our family housing inventory, we need more new housing, we need to upgrade many of our utility plants, and we foresee a great opportunity to acquire cheap electricity and central heat as a by-product of waste incinerators.

SUMMARY

Our fiscal year 1990 and 1991 budgets for facility investments, if approved by the Congress, will continue to modernize our physical plant and improve the working and living conditions for our people. We can't afford not to invest. Obsolete facilities are expensive because they cost us productivity, quality and pride—which translates into reduced mission capability.

The payback for an investment in facilities is in people; their attitude, their productivity, and their pride.

Thank you, Mr. Chairman.

STATEMENT OF MAJ. GEN. JOSEPH A. AHEARN

Senator **SASSER**. You may proceed, General.

General **AHEARN**. Thank you, Mr. Chairman.

The feedback that I would like to deliver to you, sir, is, first, a note of gratitude for your support last year in giving us custodial service care at the termination of the occupancy of military family housing.

Few acts during the 1980's in support of the line of the Air Force, and I would suggest the line of the Defense Department—I'm talking about the military people—have been so significant as this quarter's cleaning service that you have supported.

We thank your committee for the fiscal support that allows us to eliminate this enormous irritant to frequently moving military families.

While still required to be responsible citizens—and by this I mean clean the quarters when we depart to broom clean standards, as is done in the private world. We have eliminated, with your support, the unnecessary harassment of white glove cleaning, a practice that is not done in the private sector and that adds to the emotional difficulties of uprooting families.

For your support, I wish to thank you.

Senator SASSER. Thank you, General.

Are there any further statements, Mr. Secretary?

Mr. STONE. No, sir.

We are all set, Mr. Chairman. Thank you.

Senator SASSER. Thank you for your testimony, Mr. Stone.

The budget that you are supporting this morning, as I understand it, is the budget that has been submitted by the previous administration.

Is that correct?

Mr. STONE. That's correct, Mr. Chairman.

Senator SASSER. Well, since President Bush has directed further reductions in the budget for the Department of Defense, can we anticipate that a new military construction request will be forwarded to the Congress?

Mr. STONE. I'm not certain, Mr. Chairman, but I expect that that will be the case.

The military departments have been given budget reduction targets, and I understand, just informally, that some of the reductions will be made in military construction. If that is the case, we will be back here with an amended request that will be somewhat lower, and I hope not very much lower.

Senator SASSER. Well, do you know when we might receive the amended budget?

Mr. STONE. I'm not sure, Mr. Chairman.

The service proposals were supposed to have come to OSD, the Office of the Secretary of Defense, this past Friday. Normally, it takes a couple or 3 weeks for Office of Secretary of Defense review and to resubmit to the Congress.

Senator SASSER. Well, what level of detail will be submitted with the new budget, Mr. Stone? Are we going to get the usual detail we get with the military construction budget?

Mr. STONE. I would certainly expect so, Mr. Chairman.

I think what we will do is provide you an amendment or perhaps just a line-out change to our current submission. But we will give you all the detail that we normally provide and any additional detail that you ask for.

Senator SASSER. Mr. Stone, there is concern on the part of the subcommittee, or at least on the part of the chairman, that the budget that has been submitted by the previous administration fails to recognize the stated priorities of the committee and of the Congress.

For example, the budget before us for the National Guard and the Reserve is 26 percent below last year's level, while the amounts requested for specified locations overseas has been increased by 25 percent.

Now, frankly, Mr. Secretary, I do not think this committee shares the priorities in the request before us.

As we get into a time of decreasing defense budgets, it appears to the chairman, at least, that we ought to put greater emphasis on the Guard and on our Reserve, and I hope, Mr. Secretary, that you will make it clear to senior officials in the Department and in the services that the priorities of the Congress should be more carefully considered before submitting any revised budget and putting at risk substantial budget authority for projects which may not be supported by this subcommittee.

There is less and less interest, I think, in the Congress in funding projects overseas, while, at the same time, there is increasing interest in funding projects here at home for our Guard units and for our Reserve units. This I think is a reflection of changing priorities on a worldwide basis and also a reflection of our fiscal problems with the present budget.

I will yield now to Senator Grassley for any statement or questions he might wish to ask.

Senator **Grassley**. If I could, Mr. Chairman, I would follow up on the statement you just made because I had an opportunity in getting ready for my work on this subcommittee to read last year's report. I think what you said was very clearly stated in the report, that it was the intent of this subcommittee that the DOD follow congressional intent in regard to that.

I guess I would speak more generally, but would just emphasize to everybody concerned the fact that, as policymakers and the board of directors for our National Government, and particularly as it involves the work of this subcommittee and policymaking in this specific area of military construction, I would hope that, when there is a clear-cut congressional determination of direction that the Department of Defense ought to go, as I think was clear-cut in the work of this subcommittee last year for the Guard and Reserve, that that be honored. And, if somehow there is an attempt to thumb your nose at the Congress, then be very clear and lay out what it is, so that we know your reaction and there can be an intellectually honest discussion of that.

But to say that you agree with us and that you want to follow congressional intent and then not follow through on it I think is not levelling with us the way you should.

That is my first point.

My second point is a question. Again, it follows up on what Senator Sasser said about what the next budget might show.

Could you tell me if you expect that there would be some cuts in military construction because of the direction Bush is going, compared to Reagan. You make the point that you are 8 percent lower in your budget than last year. So your budget lacks not only funding for inflation, but there is nothing in this budget for real growth. President Bush says that he is limiting overall defense budget growth to just the amount of real growth, which is 2 percent, plus inflation. Since you have no real growth in your budget, why would you be affected by the Bush budget at all, unless somehow he is allowing some real growth someplace in the budget and taking it away from you to establish that real growth?

It seems to me real growth is something we do not now have. We want something new.

Can you explain that to me?

Mr. **Stone**. I'll give it a shot, Senator Grassley.

The Reagan budget had 2 percent real growth overall and provided an 8-percent shrinkage in military construction. That was the product of a bunch of wrestling and scrapping and really some agonizing over resources in the Defense Department.

There are growing programs in the Defense Department. There always are.

Whatever happens in whatever time, there are always new things coming in and we are phasing out old things.

The conclusion in the Defense Department last fall was that a budget that provided 2 percent real growth overall would have an 8-percent shrinkage in construction.

Now, I didn't like that result, but I was part of the process that produced it. My only explanation is that it reflects former Secretary Carlucci's and Secretary Taft's assessment and weighing of competing demands for resources.

It is austere and military construction was hard hit.

Senator **Grassley**. Is the inflation factor you use the same 3.4 percent that is used by DOD overall?

Mr. **Stone**. The overall factor is made up of different factors that apply to different parts of the budget. The construction deflator is, I believe, a little different than the overall deflator.

Senator **Grassley**. If you can't supply that now, give me that percentage so that I'll know what that is.

Mr. **Stone**. Yes; we sure will.

Senator **Grassley**. My understanding is it was 3.4 percent overall for the defense budget, and if there are different segments within the defense budget, in other words if you, in your work, use a different inflation factor percentage and formula, I'd like to know what that is.

Mr. **Stone**. We'll let you know, Senator.

[The information follows:]

The inflation factor used to adjust military construction pricing from fiscal year 1989 to fiscal year 1990 was 3.2 percent.

ROLE OF DASD(I) OFFICE

Senator **Grassley**. Mr. Stone, please explain to me exactly what role your office has in determining the overall request for military construction budgets. Does your office give guidance to the services and defense agencies on what percentage of their total budget should be spent on facilities?

Mr. **Stone**. I try and fill a leadership role, Senator Grassley, in a decentralized process. Such things as the analysis that I'm showing here [indicating], I have taken this and my boss, Jack Katzen, the Assistant Secretary for Production and Logistics, has taken this to the highest levels of the Defense Department, and made the case for solid investment in facilities.

With that, the military departments, themselves in a decentralized process, give fiscal guidance to their subordinate commands, who make the first cut of allocating resources between the various functions that they have to support.

Then these budgets are submitted to the Office of the Secretary of Defense, and we review them. In many cases we change these priorities by cutting some programs and enhancing others.

Senator **GRASSLEY**. Does your office work with the Controller's Office when decisions are made to make reductions to the service programs?

And if you do not, why not?

Mr. **STONE**. We work with them, Senator Grassley, although during the budget process, we don't have a lot of influence over what they do.

Senator **GRASSLEY**. I think I want this answer submitted for the record, because this might take some detail and I don't want to take the time on it now. Do each of the services follow the same criteria in sizing buildings—and you can use any sort of buildings, but I suggest barracks, et cetera? With regard to other types of decisions, who makes the determination for overall sizing and does the Department of Defense follow the same guidelines that apply to all Government agencies?

Who would verify that these specifications are being followed?

[The information follows:]

SIZING OF FACILITIES

The Department of Defense publishes Military Handbook 1190 to serve as a guide for the Services and Defense Agencies in the design and construction of high quality facilities that are durable, functional, economical, safe, esthetically pleasing, and have reasonable operating and maintenance costs. Space criteria in MIL-HDBK-1190 represent the basic square footage and are provided for general guidance. The criteria are based on typical installation and historical data for many of our standard facilities but the Services and Defense Agencies should alter criteria as local and specialized conditions warrant. Services and Defense Agencies plan facilities to meet the specific requirements of the particular military installation rather than arbitrarily to meet the criteria in MIL-HDBK-1190. In those cases where space criteria are not available, the Services and Defense Agencies use accepted design and experience factors to determine space allocations for the various functional components of the facility.

The Department leaves the overall sizing determinations up to the individual Service or Defense Agency in accordance with our Excellent Installations approach. Our guidance to them is to size the facility to satisfy the needs of the people who will use it. We consider an undersized building to be more wasteful than an oversized one because people are more expensive than buildings. Dormitory standards are set by statute. Other facilities are sized based on our guidance, good engineering judgment, and what the customer needs to satisfy the mission.

To our knowledge, there is no overall guideline for sizing Government facilities that applies to all Government agencies, but we do work together and follow many of the same standards.

Based on a request from the Congress, each DD Form 1391 submitted to the Congress contains a statement pertaining to the criteria used to size the facility being requested in the DD Form 1391. Usually the MIL-HDBK-1190 is used as the standard for the sizing of the facility. If not, then the Service or Defense Agency indicates what other criteria were used to determine the sizing and provides appropriate justification to support this requirement.

FOLLOWING GUIDELINES

Senator **Grassley**. Let me ask you right now does the Department of Defense follow guidelines that apply to all Government agencies?

Mr. **Stone**. We do on some sorts of facilities, Senator Grassley.

Most of what we do is really not replicated elsewhere in the Government.

You mentioned barracks, for one.

Senator **Grassley**. Obviously that one would not be.

Mr. **Stone**. We do have standard DOD criteria for size and room layout, in fact, of barracks that all four services follow. They all provide the same number of square feet, the same general layout, the same number of showers and toilets per capita, et cetera.

Senator **Grassley**. Mr. Chairman, I think I am going to ask one more question and then, if you don't have any more questions, I will submit mine in writing.

Will you have any more questions?

Senator **Sasser**. No; but I will have a comment to make.

Senator **Grassley**. My last question, then, and I will submit the rest for answers in writing, is this.

Does the Department of Defense have a master plan to cut into the increasing backlog of facility requirements?

Mr. **Stone**. I'd have to say that we do not, Mr. Grassley.

A lot of us recognize the need to do this, to cut into the backlog. We have had a series of plans from year to year. But, as far as a plan that has the commitment of the Secretary of Defense, the answer is no, we do not.

Senator **Grassley**. Do you even have a way of deciding what you consider backlog?

Mr. **Stone**. Yes.

In fact, we have had guidance put out to the military departments for several years now on how much they should invest in facilities, guidance signed by the Secretary of Defense and described in his report to the Congress.

The difficulty we have had is each year, our long-range program has been cut, so that, for example, Secretary Carlucci directed the military departments to replace 2 percent of their physical plant every year. The military departments put that in their service budget proposals.

But in preparing the final budget for submission to the Congress, reductions were made in that, and we fell off those numbers.

So we don't really have a master plan that we are following very well.

Senator **Grassley**. Mr. Chairman, I will submit the rest of my questions in writing for the record.

But I would suggest one thing you and I may be jointly interested in is we are taking an 8 percent cut in the military construction budget and there was no real growth in it to begin with. I think we ought to find out what that 8 percent is being used for, for real growth somewhere else in the defense budget.

Senator **Sasser**. Senator Grassley, I do not disagree with you. But I'll tell you that it is going to be interesting to see how these Bush amendments come out.

You know, I have been trying to get specifics from Mr. Darman, the Director of OMB, on the DOD budget for some time.

I asked him point blank, face-to-face, last week for a whole number of specifics on the DOD budget, and he said that they are not in a position to give us those yet and was not too encouraging about when they would be in a position to give them to us.

But we will continue to press. I agree with you.

At this point in the record, I ask unanimous consent that there be printed a recent report by the majority clerk on the whole issue of base closures.

[The information follows:]

Review of Base Closure Issues: A Case Study

INTRODUCTION

During the period February 10-17, 1989, the majority clerk of the Subcommittee on Military Construction visited military installations in California and Utah to review various issues pending before the Subcommittee.

During the field review, the majority clerk visited the following locations: the Army's Dugway Proving Ground in Utah and National Training Center at Fort Irwin, California; Marine Corps bases at Camp Pendleton, Twentynine Palms and San Diego; thirteen U.S. Navy installations in the San Diego area and the Long Beach Naval Station; and George, Norton, March, and Vandenberg Air Force bases.

At these 23 locations, the majority clerk specifically reviewed military construction projects currently pending before the subcommittee totaling almost $600 million requested by the Department of Defense for fiscal years 1990 and 1991.

The majority clerk concentrated, however, on a case study of base closure activities which were recommended by the Defense Secretary's Commission on Base Closures and Realignments at three Air Force bases in California.

Following is the majority clerk's report on base closure issues for use by the Subcommittee in preparation for a joint hearing with the Subcommittee on Defense scheduled for March 2, 1989.

CONSTRUCTION COSTS UNDERESTIMATED

The majority clerk toured two installations in California recommended for closure by the Commission on Base Realignment and Closure: George Air Force Base and Norton Air Force Base. The majority clerk also visited March Air Force Base which will receive most of the units and missions which would be relocated as a result of the closure of Norton.

In general, the majority clerk found many questions and issues surrounding base closure plans to be unresolved. Of significant concern to the Subcommittee is the magnitude of construction which would be necessary to implement the Base Closure Commission's recommendations.

According to information provided to the majority clerk by Department of Defense and military service officials prior to the visit, the Base Closure Commission recommendations included estimates of construction totaling $1.8 billion over 5 years. However, at the locations visited, the majority clerk found that estimates of construction produced by the Commission's cost estimating model were substantially understated.

The majority clerk concentrated on the relocation of 36 C-141 jet transport aircraft and other tenant units from Norton Air Force Base to March Air Force Base. On January 6, 1989, the Department of the Air Force officially informed the Subcommittee by letter that, based on the results of the Base Closure Commission's report, initial estimates of construction at March to support the C-141 and other units' relocation from Norton was $277.4 million ($297 million including design). The construction cost associated with the Norton base closure was identified to be one of the largest single military construction investments associated with the Commission's package of recommended base closure and realignment activities.

During the reviews undertaken at Norton and March Air Force Bases, the majority clerk found that the most current estimates for construction to support the closure of Norton and the partial relocation of Norton missions to March range from $400 million to $450 million. This represents a 33 to 50 percent increase in the estimates first provided the Air Force by the Base Closure Commission. Furthermore, the majority clerk found that current estimates will likely increase as other Air Force Commands, impacted by the Norton closure, are fully brought into the planning and coordination of Norton base closure activities.

The majority clerks' findings indicate that the cost-estimating model utilized by the Base Closure Commission to calculate the costs and savings of implementing the Commission's recommendations may be severely flawed, at least as the cost of construction was calculated. If the estimates of construction nationwide are as flawed as the estimates originally submitted for the Norton-March realignment, total military construction investments associated with base closures could reach $2.7 billion—more than the combined military construction budgets of the Army, Navy and Air Force inside the United States for all of fiscal year 1990.

The majority clerk did not review the operations and maintenance and personnel costs associated with the Commission's base closure recommendations. Therefore, the majority clerk is not in a position to judge if the remaining costs and savings of the Commission's recommendations are accurate. However, the majority clerk has been briefed that there will be no end strength military personnel reductions in the Department of Defense as a result of base closures and that the Commission failed to include the costs of relocating units of less than 100 persons from closed bases.

Under the public law which established the Base Closure Commission, a "base closure account" is authorized for appropriations for the purpose of implementing the Commission's recommendations. The previous Administration requested $1 billion to be appropriated in fiscal years 1990 and 1991 to capitalize the account and initiate base closure activities until savings from the sale of assets at closed bases can be realized in future years and applied toward construction and other costs of realignment.

In the Senate, the Subcommittee on Defense Appropriations has requested jurisdiction over the base closure account appropriation. In view of the magnitude of construction associated with base closure and realignment activities, the majority clerk believes the Subcommittee on Military Construction should carefully consider its role in the oversight of the expenditure of funds which will be necessary to fully implement the Base Closure Commission's recommendations.

The majority clerk, therefore, recommends that the Subcommittee on Military Construction should seek to establish appropriate oversight over base closure-related construction investments which could reach almost $3 billion. Under existing law, the Department of Defense would be permitted to exercise complete discretion over the obligation of base closure account funds without specific project oversight by the Congress which is the usual military construction process.

Attached to this report as "Appendix A" is a preliminary list of major construction projects associated with the potential realignment of missions from Norton AFB to March AFB. It should be noted that an additional $94 million tc $122 million for construction will be necessary to fully satisfy Norton-related closure activities at five additional locations, other than at March.

ADDITIONAL ISSUES UNRESOLVED

The majority clerk also found other unresolved issues which could impact on the ultimate costs and savings resulting from base closure activities. A brief discussion of those issues follows:

The Air Force's Ballistic Missile Office is adjacent to Norton Air Force Base. Presently, the BMO relies on Norton to provide base support and family and community support activities and facilities. Air Force officials at Norton stated that the BMO will need to maintain many existing Norton support facilities such as the clinic, base exchange, commissary, recreation facilities and other facilities. Although all of the specific assumptions of the Base Closure Commission have not been made available to the Congress, it appears from the data which has, thus far, been made available, that the Commission failed to take into account the potential costs of maintaining these support facilities, other than family housing, for the Ballistic Missile Office at Norton.

With regard to the most significant impact of the Norton base closure—transferring the Military Airlift Command's C-141 mission to March AFB and one other Air Force base—the majority clerk found local views significantly divergent from those of the Base Closure Commission. The Commission's report states that the C-141 mission should be relocated from Norton because "flight operations * * * have become constrained because of increasing air traffic congestion."

The majority clerk found unanimous agreement among Air Force operators and pilots that air traffic congestion would be far worse at March Air Force Base, which, under the Commission's recommendations, would receive 36 of the 48 C-141's and eight additional C-12 and C-21 aircraft currently assigned to Norton. Although gaining 44 new aircraft, March would only lose a net of 18 from existing units being realigned. Those interviewed by the majority clerk indicated that the airspace at March is already severely overcrowded and would become "saturated" if the Norton aircraft are moved to March as the Base Closure Commission recommends.

Norton base officials indicated the only mission-limiting factor currently at Norton is the lack of modern facilities which the majority clerk estimates could be substantially satisfied by the investment of some $200 million over the next 5 years, considerably less than the half a billion dollars or more it will take to totally remove the flying missions from Norton to other locations.

At March AFB, the majority clerk found that there is only one active runway. An overall net gain of 28 aircraft will clearly add to the congestion in the already highly dense Oakland air traffic control operational area. In fact, Air Force officials at March felt the base's one active runway to be "saturated already" without the addition of the MAC missions from Norton.

The majority clerk also found severe land encroachment by local housing developments to be in the extreme at March, making expansion of airfield facilities and the construction of another runway impossible. Planners from the Strategic Air Command, which is in charge of overall March operations, indicated that the addition of C-141's and other Norton aircraft will have to be accommodated by rescheduling existing air traffic.

The majority clerk also notes that the Commissions's report to the Secretary of Defense asserted that, among the reasons to close Norton is that "there is a shortage of weapons storage facilities." Norton is a Military Airlift Command transport base, not a Strategic Air Command or a Tactical Air Command base. Therefore, the need for weapons storage at Norton is minimal.

The Commission also stated that Norton suffers from "inadequate medical and dental" facilities. The majority staff found that the base recently completed a rehabilitation and expansion of existing medical and dental facilities.

Finally at Norton, the majority staff found that some savings being assumed by the Base Closure Commission may never be realized. For example, Air Force officials at Norton provided the majority clerk with a fact sheet from the Commission which stated that "closure of Norton will avoid approximately $7 million in expenditures for environmental projects." Norton commanders briefed the majority clerk that instead of saving $7 million by closing Norton, environmental clean-up activities will total $20 million for installation restoration. Under the provisions of the public law which established the base closure process, the Federal Government must assume the total cost of environmental restoration at closed installations as required by the National Environmental Policy Act of 1969.

Given the findings of the majority clerk's review at Norton, it can be assumed that significant environmental clean-up costs resulting from base closure may have been omitted in the Base Closure Commission's cost-estimating model.

Perhaps the most significant aspect of the Norton case study is the potential that the base closure account may never realize significant revenues as a result of the sale of land and structures at Norton Air Force Base. Although the Commission and the Department of Defense has, thus far, failed to provide the Congress with the specific costs and benefits assumed by the Commission's recommendations, it is known that the Commission calculated net savings substantially from the sale of properties at closed bases. The Commission's report states that "the Commission valued property based on the estimated fair market value of the land."

The most recent estimates provided the Subcommittee 2 years ago indicates that the Federal Government has invested more than $165 million in facilities at Norton. Of course, the replacement value of these structures is much higher. In addition, these figures do not calculate the potential value of the base's very valuable Southern California 2,428 acres.

The majority clerk was briefed at Norton that local city officials plan to continue to utilize the base as an operational civilian airport and for industrial development. However, according to the briefings, local officials are insisting that the property be "transferred to the community at no or low cost." Base officials said that local officials are taking the position that the community provided the property to the War Department in the 1940's, "and now they want it back." The majority clerk's schedule did not permit an independent assessment of local plans for the Norton installation once it is closed. However, the majority clerk has no reason to doubt the statements of Norton Air Force commanders.

The Commission's report projects average annual savings from the Norton closure to be $70 million. However, the majority clerk has documented that the Commission severely underestimated the cost of construction necessary to move Norton missions to other locations. If the Commission also miscalculated the savings which could be achieved as a result of the sale of Norton properties, the taxpayers may fail to realize the savings assumed by the Base Closure Commission's report.

OPERATIONAL ISSUES IDENTIFIED

The majority clerk also identified significant operational and training issues at George Air Force Base which may require additional review by the appropriate Senate Committees of jurisdiction.

George AFB is the location of all Air Force training with the F-4 aircraft, primarily the F-4 "Wild Weasel" aircraft which play a significant role in contingency plans for the U.S. Air Force on the Central Front in Europe and around the world. George F-4 "Warrior Training" units also provide significant support to the Air Force "Red Flag" training at Nellis AFB, Nevada, and the Army's National Training Center which the majority clerk verified during a visit to Fort Irvin.

The majority clerk found that the closure of George AFB and the movement of the F-4 Warrior and Wild Weasel training to Mountain Home Air Force Base in Idaho, has raised significant training issues which were not apparently fully appreciated by the Base Closure Commission.

The Base Closure Commission recommended the closure of George "primarily due to degraded training effectiveness, air traffic congestion," etc. The Commission's report specifically linked training and congestion, stating "all flight operations are constrained by increasing air traffic congestion in the greater Los Angeles area.

However, the majority clerk was briefed by the commanders of the F-4 training missions that air traffic congestion and commercial corridors in the area "have not been a problem with training" at George. Instead, the commanders stated that the geographical location and the training profiles of the aircraft "pretty much isolates commercial air traffic routes." Commanders specifically indicated that George has 29 unimpeded low level air traffic routes to use to transit to existing training ranges.

The Commission report also stated that "training for George's defense suppression units is hampered by a distance of over 150 nautical miles to an electronic combat training range." Under questioning by the majority clerk, George base commanders acknowledged that "Mountain Home AFB has only one range and it is too small and too restricted" to effectively support the Wild-Weasel training missions.

The range currently available near Mountain Home is half the size of the Superior Valley Range now being utilized by George aircraft. In addition, the range is only instrumented for Mountain Home's F-111 aircraft, which fly entirely different missions from the F-4's. Since 60 of the F-111's currently assigned to Mountain Home which will remain at the base, the F-4's will be competing for range time on a smaller range. Thus, range time for the F-4 training missions will likely be cut back from the current readiness pace in order to accommodate F-111 scheduling. George officers stated that without additional range space at Mountain Home and improved range instrumentation, the F-4's would be forced to fly to ranges some 275 miles away to achieve realistic training, an uneconomical option.

In addition, because of the distance from Mountain Home, Warrior Training aircraft will no longer be able to support the realistic training activities at the Army' National Training Center at Fort Irwin. Also, because of the distance to Nellis Air Force Base in Nevada, the F-4's will no longer be able to support the "Red Flag" training activities unless the aircraft receive air to air refueling enroute, a very costly undertaking.

Air Force officials said they are presently working with the Governor of Idaho to find additional air space suitable for training. However, unlike the current situation where training range land in California and Nevada is owned by the Federal Government, much of the land around Mountain Home is privately owned which will likely create significant obstacles to resolution of the training issue. In addition, because of the location of Mountain Home, other States, especially Oregon, must become involved in the process of providing sufficient air space to accomplish the F-4 mission training.

The majority clerk also found that similar to the Norton base closure, the costs of relocating the George F-4's to Mountain Home were substantially underestimated by the Base Closure Commission. According to the January 6, 1989, letter, previously referred to, the Air Force estimated military construction costs of only $33.2 million to move the F-4's from George to Mountain Home. According to a site survey just completed, a total of $87 million in military construction would be required to directly accommodate the F-4 mission at Mountain Home.

According to George commanders, there are no available facilities to accommodate the 93 F-4's which would be moved to Mountain Home. Since most of the F-111's currently based at Mountain Home are remaining (32 will be relocated to Cannon Air Force Base in New Mexico) the number of aircraft currently assigned to Mountain Home will double. This will require the construction of another runway (there is only one currently) and construction of substantial more ramp space, in addition to F-4 mission-specific facilities.

In addition to the $87 million in mission-related construction, another $30 million will be required to instrument the air training range, assuming the previously discussed problems can be resolved.

Finally, there is the question of cost and availability of housing and community support facilities at Mountain Home, which, at the direction of the Office of the Secretary of Defense, have not yet been included in the current cost estimates. George officers stated that Mountain Home currently does not have the resources to house the more than 2,950 personnel and their families which will be moved to the base once George is closed.

In addition, as the majority clerk found at Norton, the costs of environmental clean-up prior to closing the base will be substantial. Most significant is the potential cost of removing asbestos from buildings before they can be turned over to a nongovernment entity. A recent survey at George found that 40 percent of the buildings on base have asbestos problems. Base officials stated that the cost of asbestos clean-up will become one of the biggest costs of closing the base.

The Base Closure Commission maintained in its report that the cost of environmental clean-up should not be calculated as a cost of closure since such activities would be undertaken anyway. However, environmental clean-up would be paced over a number of years if the base were to remain an active Air Force installation. Instead, when the base is closed the asbestos clean-up must already be completed and any remaining environmental problems, such as the removal of existing underground storage tanks at George, will still remain the financial responsibility of the U.S. taxpayer.

CONCLUSION

The majority clerk chose at random the three Air Force bases in California to conduct a case study of the military construction implications of base closure activities. The findings of the majority clerk's review indicate that significant obstacles remain to making the Base Closure Commission's recommendations a reality.

It was not the intent of the majority clerk to take issue with specific base closures and realignments chosen by the Commission. Instead, the majority clerk sought only to identify the significant military construction issues which must be resolved by the Department of Defense and the Congress once the Base Closure Commission's recommendations are enacted.

What the majority clerk found during the recent visits and briefings in California does raise a number of questions with regard to the validity of the Commission's cost-estimating models. Furthermore, the magnitude of construction investments associated with base closure activities underscores the necessity that the Subcommittee establish appropriate oversight mechanisms to monitor the expenditure of base closure account funds which will be utilized for construction.

APPENDIX A

MILCON RELOCATION

[In millions of dollars]

Unit	Base	Cost
63 MAW	March	350–385
AAVS	do	30–35
DRMO	do	5–10
AFAA	do	3.5–5
AAFES	do	10–12
AFOSI	do	1–2
Rec Sq	do	.5–1
Subtotal		400–450
63 MAW	McChord	30–35
AFLC	McClellan	30–40

MILCON RELOCATION—Continued

[In millions of dollars]

Unit	Base	Cost
BMO	Norton	20–25
AFISC	Kirtland	7–12
MAC NCO Academy	Travis	7–10
Total		494–572

Wing

Title	*Scope*
Upgrade aircraft park. apron	400,000 SY
High speed taxiway	28,300 SY
Runway 32 (first 3,000 feet)	3,000 FT
Taxiway 1 overlay	77,083 SY
Jet fuel storage	80,000 BL
Hydrant fuel system	3,600 GPM
MAC wing hq/colocated CP	40,000 SF
Threshold lgts and cat II ILS	LS

Operations

ADAL life support	LS
MAC WST	23,700 SF
MAC operations complex	60,000 SF
ADAL FTD	15,500 SF
ADAL C–12/C–21 support fac	LS

Maintenance

Maintenance hangers	123,000 SF
Corrosion control hanger	56,000 SF
ADAL fuel cell	LS
ADAL nose dock	LS
PMEL	8,500 SF
Maint control and acft part store	80,000 SF
MHE and special equip maint	34,000 SF
ADAL NDI lab	LS
Parachute shop (air drop)	10,000 SF
ADAL AC engine I and R shop	25,300 SF
GP acft maint shop	60,000 SF
ADAL age shop	LS
OMS shop	70,000 SF
Avionics shop	16,000 SF
Aircraft wash rack	45,000 SF

Resources

Additional lox and lin storage	LS
Fuels operation facility	4,500 SF
Base military service station	LS

Transportation

Traffic management facility	70,000 SF
ADAL vehicle operations	3,000 SF
ADAL TMO	8,400 SF
Aerial delivery support fac	33,400 SF
Fleet service fac	15,500 SF
Air freight terminal	85,000 SF
Passenger terminal	39,000 SF
TMO surface frt open storage	28,000 SF

Support

Gym	27,000 SF
ADAL library	13,200 SF
Troop issue	17,700 SF
Visiting officers quarters	59,850 SF
Child development center	12,500 SF
ADAL BCE complex	25,000 SF
Visiting airman quarters	24,000 SF
Administrative support fac	23,087 SF
Dining facility	35,361 SF
Enlisted dormitory	100,000 SF
Furnishings management office	LS
TLF 30 units	16,200 SF
ADAL data processing ctr	1,000 SF

Infrastructure

Utility upgrade sewer plant	LS
Landscaping new facilities	LS
Storm drainage	LS
Base roads	LS
Electrical utility upgrade	LS
Flightline security improvement	LS

Tenant

HQ AAVS	190,609 SF
AAFES central area office	16,500 SF
AAFES reg dist warehouse	130,000 SF
Recruiting sq fac	3,000 SF
AFOSI	8,000 SF
AF Audit Agency	30,000 SF
DRMO	LS

Reserves

Composite training facility	20,000 SF
Consolidated medical trn fac	9,200 SF
Aerial port training facility	14,000 SF
Aeromedical evac. trg facility	13,200 SF
AFRES wing hdq	48,600 SF
Maintainance management (ASSOC)	10,000 SF
Aeromedical flt staging	8,500 SF

Support

Youth center	3,000 SF
Auto shop	10,710 SF
ADAL BX	10,000 SF
ADAL hospital	92,450 SF
Planning and design	LS

[CLERK'S NOTE.—The following rebuttal to the majority clerk's report was submitted to the subcommittee by the Air Force and will be printed in the record at this point.]

LETTER FROM JAMES F. BOATRIGHT, DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (INSTALLATIONS), DEPARTMENT OF THE AIR FORCE

March 10, 1989

Honorable Jim Sasser
Chairman, Subcommittee on Military
  Construction
Committee on Appropriations
United States Senate
Washington, D. C. 20510-6025

Dear Mr. Chairman:

The Air Force is in receipt of a February 1989 Report entitled "Review of Base Closure Issues: A Case Study", written by the Majority Clerk, Subcommittee on Military Construction, and supplied to us by the Office of the Secretary of Defense (Installations). In the interest of fairness and perspective on this very sensitive issue, I am forwarding a rebuttal of some significant points made in the report. The Air Force expended considerable manpower and effort to provide accurate and timely information to the Base Closure Commission in fulfillment of the requirements of Public Law 100-526.

We applaud the Majority Clerk's initiative to get a first-hand look and understanding of some of the bases identified for closure. However, we believe it is important to understand that some comments by local Air Force officials were likely influenced by parochialism and genuine pride in their operations. We believe it is extremely important to get a much broader Air Force perspective on these issues.

I trust that the material supplied herewith will help to put this information regarding Air Force bases in California identified for closure in proper perspective. Should you or your Committee wish further information on the detailed documentation provided by the Air Force to the Commission, please let me know.

Sincerely,

James F. Boatright
Deputy Assistant Secretary of the Air Force
(Installations)

REBUTTAL TO MAJORITY CLERK'S BASE CLOSURE STUDY SUBCOMMITTEE ON MILITARY CONSTRUCTION UNITED STATES SENATE

POINT: Many questions and issues surrounding base closure plans are unresolved.

COUNTERPOINT: With SECDEF's approval on 5 Jan 89, the Services have just begun to develop implementation plans to include MILCON requirements and implementation schedule.

The Air Force process for calculating MILCON requirements begins with a MAJCOM site survey to determine unit desires. These unit desires are scrubbed and validated by the MAJCOM before submittal to the Air Staff for review. The Air Staff is charge with insuring the requirements and resources are compatible.

POINT: Construction estimates produced by the Commission's model were substantially underestimated and proceeds from land sales greatly impacted the payback period.

COUNTERPOINT: The Commission's cost model was never intended to be budget quality. It was designed to compare costs of similar alternatives to meet the six year payback requirement.

The Commission's Report identified facility shortfalls at almost every military installation. Only those construction costs associated with relocations due to closure were included in the Report. It was anticipated for table top estimates to increase by 10 to 15 percent.

The Air Force minimized estimated proceeds from land sales. For example, Norton, a relatively high cost land area, was priced at $25,000 per acre and George AFB was priced at $500 per acre.

NORTON AFB, CA

POINT: Unit relocation estimates of Norton's mission to March represent a 33 to 50% increase over Commission's estimates.

COUNTERPOINT: This unit estimate is not unexpected. This estimate has not been validated by the MAJCOM or the Air Staff. To date, the only known error in the Commission's estimate is the increased medical requirement at McGuire AFB when Fort Dix closes and the requirement to build facilities to earthquake specifications at March AFB which will add approximately 8-10% to the construction costs at March AFB.

POINT: No Department of Defense military personnel end strength reductions will result from base closure.

COUNTERPOINT: End strength reduction as a result of base closure has not been determined. However, personnel reductions are provided when bases are consolidated.

POINT: Relocating units of less than 100 people were not included in the Commission's study.

COUNTERPOINT: The Commission's model did considered relocation cost and construction requirements for units of less than 100 people.

POINT: $1 billion in fiscal FY 90 -91 is required to initiate base closure activities.

COUNTERPOINT: By the approval of the Commission's report, OSD and the Services can implement the recommendations with this funding profile.

POINT: The Ballistic Missile Office (BMO) will need to maintain existing Norton facilities such as the clinic, base exchange, commissary, recreation and other facilities.

COUNTERPOINT: Support facilities for the personnel remaining at Norton will be provided at March AFB.

POINT: Air traffic congestion would be far worse at March after consolidation.

COUNTERPOINT: March and Norton are approximately 15 miles apart. After the consolidation of Norton and March, and with other FY 90 force structure changes, there will be a net reduction of 30 primary authorized aircraft in the area. This consolidation should provide increased safety considerations and allows the Air Force to manage the high density congestion in this area from one installation.

POINT: Severe land encroachment by local housing developments makes expansion of the airfield facilities and construction of another runway impossible.

COUNTERPOINT: Land encroachment at March is outside the Air Installation Compatible Use Zone and is not a threat to Air Force operations. Sufficient land is available to accommodate construction requirements and even the unit site survey shows no need for an additional runway.

POINT: The base recently completed a rehabilitation and expansion of existing medical and dental facilities.

COUNTERPOINT: While the base has modernized the existing clinic, a FY 95 medical/dental expansion was programmed for Norton at $15.5M.

POINT: Closure of Norton will avoid approximately $7M of environmental projects.

COUNTERPOINT: Environmental restoration costs were not included in the Commission's economic analysis because this cost must be paid regardless of base closure.

POINT: Significant revenues as a result of the sale of land and structures at Norton AFB may never be realized. It is known that the Commission calculated net savings substantially from the sale of property at closure bases.

COUNTERPOINT: The Air Force minimized estimated proceeds from land sales. For example, Norton, located in a relatively high cost land area, was priced at $25,000 per acre. This estimate included any facilities that may be on the land.

POINT: Local officials are insisting that the property be transferred to the community at no or low cost.

COUNTERPOINT: While some areas and facilities at Norton could be conveyed at no cost, the intent of base closure is to obtain fair market value for those properties that do not convey either at no cost or discounted under existing Public Law.

GEORGE AFB, CA

POINT: Air traffic congestion and commercial corridors in the George area "have not been a problem with training."

COUNTERPOINT: The air traffic congestion at George AFB stems from its geographic location and the increase in traffic into and out of the Los Angeles basin. The heavy concentration of commercial traffic into and out of the Los Angeles area restricts operations to the West and overhead. All East-West general aviation traffic overflies the base between 11,000 and up to 30,000 feet. To preclude degradation in training, George AFB schedules the R-2508 restricted areas for their operational missions. The FAA tried to gain additional access to R-2508 airspace in 1987 due to increases in air traffic. This would have severely impacted military training operations at George. Although this plan has been tabled, FAA is expected to resurface the issue do to ever increasing traffic in the area.

POINT: ""Mountain Home AFB has only one range and it is too small and too restricted" to effectively support the Wild Weasel training mission."

COUNTERPOINT: While today the Saylor Creek Range may not be as large as the range currently used by George AFB aircraft, the Mountain Home range is bounded to the North, East, and West by more than 1,350 square miles of useable Military Operating and Restricted Areas. Additionally, a range improvement program in existence prior to the Base Closure initiative will expand the existing ordnance impact area to approximately 900 square miles. This will make Saylor Creek more than six times the size of Superior Valley range which is currently used by George aircraft.

POINT: ". . . the range is only instrumented for F-111 aircraft, which fly entirely different missions from the F-4's."

COUNTERPOINT: The Saylor Creek range is not optimized for F-4 training because it is not currently used to train F-4 aircraft. However, many of the electronic warfare assets located at the range are the type required by the F-4. Today the range is comparable in numbers of electronic warfare emitters to ranges used to train combat squadrons in both the Pacific and European theaters.

POINT: Sixty F-111s will remain at the base and compete with F-4s on a smaller range. Thus, F-4 training missions will be cut back to less than their current readiness pace.

COUNTERPOINT: Only 23 EF-111 aircraft will remain at Mountain Home if George AFB closes. The EF-111s that remain do not deliver ordnance during training missions and therefor will not compete with George F-4s for range time. In fact, through proper scheduling of electronic assets and airspace around the range, the F-4s and EF-111s would be able to conduct training missions simultaneously.

POINT: Warrior training aircraft would no longer be able to support the National Training Center at Fort Irwin.

COUNTERPOINT: This training would be supported by aircraft from Nellis AFB following the closure of George AFB.

POINT: F-4s will no longer be able to support "Red Flag" without air-to-air refueling.

COUNTERPOINT: The F-4s from George currently conduct air-to-air refueling prior to participation in Red Flag and then return to George. Following closure, F-4s will still participate in Red Flag but would additionally conduct air-to-air refueling during the return to Mountain Home. Additionally, the F-4s would receive their fair share of "Red Flag" training sorties on a deployed basis. A less costly alternative to air refueling.

POINT: Land surrounding the Saylor Creek range is privately owned and creates significant obstacles to resolve training issues.

COUNTERPOINT: Current Air Force initiatives for Saylor Creek expansion are planned as low cost propositions because 95% of the required land is owned either by the Bureau of Land Management or the state.

POINT: Estimated military construction costs for Mountain Home are $87 million vice the $33M estimate used in the Commission's cost model.

COUNTERPOINT: This preliminary unit estimate was not unexpected. The estimate has not been validated by the Major Command or the Air Staff. To date, there are no validated requirements beyond those estimated by the Commission.

POINT: A majority of the F-111s will remain at Mountain Home following the closure of George. This will cause the number of aircraft currently assigned to Mountain Home to double.

COUNTERPOINT: Today Mountain Home has 58 primary assigned aircraft. Following closure of George, only 23 EF-111s will remain. The incoming George aircraft will bring the total number of aircraft to 115. Past Mountain Home base loading included more than 100 F-111 aircraft.

POINT: Thirty million dollars will be required to instrument the training ranges.

COUNTERPOINT: A thirty-one million dollar range upgrade program was already planned to improve the Electronic Combat capability of Saylor Creek range. $21 million of this has already been funded. No additional procurement of instrumentation would be required to conduct training.

OINT: Costs for housing and community support facilities were not included in the Commission's cost estimates.

OUNTERPOINT: The Commission's estimate for housing military personnel on base was based on third party financing with guaranteed lease.

POINT: Cost of asbestos cleanup will become one of the biggest costs of closing the base.

COUNTERPOINT: The facilities at George AFB will be left in total compliance with Federal Occupational Health and Safety (OSHA) and State of California OSHA standards.

George AFB has completed a destructive survey (taking samples and analyzing them for asbestos content) of approximately 10 percent of the existing facilities on base.

Of the 10 percent surveyed for asbestos, forty percent of those facilities had asbestos containing materials (ACM). Only friable asbestos must be assessed and cleaned up to meet health and environmental standards. Encapsulation of friable asbestos is an acceptable means of clean-up.

Projecting the 10 percent sample for the total base, the associated cost estimates for dealing with asbestos upon closure of the base could be:

OPTION	COST ($M)
Remove all ACM	9.3 (low) 27.8 (high)
Remove Friable	1.9 (low) 5.6 (high)
Encapsulate Friable	0.9 (low) 2.5 (high)

POINT: Before closure of George AFB, asbestos and any remaining environmental problems must be cleaned up.

COUNTERPOINT: Both asbestos and other environmental problems will be cleaned up IAW applicable Federal and State laws before the final disposition of the property on George AFB. For this reason, environmental costs were not included in the Commission's economic analysis.

The Installation Restoration Program (IRP) addresses the cleanup of hazardous waste on Air Force installations. The IRP is currently under way at George AFB and will continue independent of base closure.

Further, under the Superfund Amendments and Reauthorization Act of 1986 (SARA), Section 120, the Air Force must include a covenant in the deed of transfer of real property addressing remedial action necessary to protect human health and the environment (unless the person or entity to whom the property is transferred is a potentially responsible party with respect to that property).

This covenant warrants that all such remedial action has been taken before the date of transfer and that the Air Force will conduct any additional remedial action found to be necessary after the date of transfer.

BASE CLOSURE

Senator **Sasser**. On Thursday, the Military Construction Subcommittee will hold a joint hearing with the Defense Subcommittee on the subject of base closures.

I have asked the staff to make a copy of the report, which I am including with the record today, available to each member of this subcommittee before the hearing.

Now, I am not going to be able to attend that hearing on Thursday, Mr. Stone, because I have a conflicting hearing that I have to chair before the Budget Committee. But I do have a number of questions on the whole issue of base closures, which I am submitting for the record today.

What I ask you to do is to respond to these questions as part of these hearings today.

Mr. **Stone**. We will be glad to do that, Mr. Chairman.

Senator **Sasser**. Thank you.

If there are no other questions and no other statements from witnesses, Mr. Stone, we would thank you.

Do you have an addition?

Mr. **Stone**. I would like to make one more comment, briefly, if I may, Mr. Chairman.

I had the same reaction you did to the overseas budget request this year. I saw that, when all the dust had settled, we were asking for about 10 percent more than was appropriated last year. I wanted to see why.

What I found was that our request this year is the smallest request we have made, in current dollars, since 1980. If we adjusted it for inflation, it would be miniscule by comparison with what we requested in 1982, 1983, 1984, 1985, 1986, 1987, 1988, and 1989.

Senator **Sasser**. Are you talking about overseas projects?

Mr. **Stone**. For overseas projects. It is the smallest request since 1981.

So, it is substantial. It is $1.8 billion. But this reflects a recognition of sizable needs overseas. But it also is in line, I believe, with the desire of this committee to reduce our emphasis on overseas construction. In our budget request, which is real capital to us, as we are putting our request together, it is the smallest in 9 years.

I just wanted to make that point clear for the record.

Senator **Sasser**. All right.

Thank you, Mr. Secretary.

CARIBBEAN BASIN CONSTRUCTION

The subcommittee has received the annual updated 5-year construction plan for Central America and the Caribbean Basin. The plan as submitted will be printed in the record at this point.

[The information follows:]

LETTER FROM JACK KATZEN, ASSISTANT SECRETARY OF DEFENSE (PRODUCTION AND LOGISTICS), DEPARTMENT OF DEFENSE

February 23, 1989

Honorable James R. Sasser
Chairman, Subcommittee on
  Military Construction
Committee on Appropriations
United States Senate
Washington, DC 20510-6225

Dear Mr. Chairman:

By the FY 1989 Military Construction Appropriation Bill (Report number 100-380, June 9, 1988), the Department is directed to submit an updated five-year construction plan for Central America and the Caribbean Basin. The Department herewith forwards the current five-year plan.

The Department or the Services, as appropriate, will make notification to the Congress for individual projects as required by law.

A similar letter is being sent to the Chairman of the House Subcommittee on Military Construction.

Sincerely,

Jack Katzen

Enclosure

CONSTRUCTION PLAN AND ENGINEERING ACTIVITIES
CARIBBEAN BASIN FY 1989 - 1994

NOTES

- Military construction projects as listed for FY 1992 - 1994 are included in outyear planning and are still subject to additional Service and OSD review prior to being included in future budget requests. Some requirements, although identified at this time, are not included and will be addressed in the future considering changing requirements and budget constraints.

- Operations and Maintenance (O&M) costs for troop accomplished items include materials and identifiable POL costs and do not include statistical labor, equipment use, and transportation costs.

- Construction associated with exercises in the outyears has not been put in final form; however, tentative plans indicate a possible level of effort of about $4.0 million per year.

- Non exercise construction with O&M funds is accomplished either by contract or with activity personnel.

APPROVED FY 1989 MILITARY CONSTRUCTION PROGRAM

ANTIGUA	($000)	
Naval Support Facility		
Facility Upgrade	6,470	Provides three maintenance facs and small craft pier.
HONDURAS		
Palmerola AB (Now Soto Cano AB)		
Upgrade Facilities	3,050	Relocatable buildings to provide adequate living conditions.
PANAMA		
Howard AB		
Alter Dormitory	2,600	Upgrade living conditions.
KEY WEST		
Electric Distribution System	850	Provides reliable electric distribution.

PROPOSED FY 1990 MILITARY CONSTRUCTION PROGRAM

ANDROS I	($000)	
Naval Underwater Systems Center		
Security Improvements	4,140	Provides perimeter barrier at several test sites on the island.
HONDURAS		
Soto Cano AB (Was Palmerola AB)		
Facility improvements	2,400	Improve facilities by replacement with modular construction.
La Mesa		
Upgrade Afld Pavements	10,200	Repairs asphalt airfield paving to allow exercise and contingency use.

San Lorenzo		
Airfield Improvements	4,900	Upgrades airfield pavement for year round exercise and contingency use.
PANAMA		
Ft Kobbe		
Extend Acft Parking Apron	7,200	Parking area for Army helicopters.
Howard AB		
STOL Apron Addition	4,100	Provides parking area for new aircraft.
STOL Squad Ops	1,150	Support facility for new aircraft.
STOL Freight Term Addn	1,250	Provides space for intratheater airlift.
STOL Org Maintenance Fac	710	Provides maintenance space for new aircraft.
PUERTO RICO		
Ft Buchanan		
Upgrade Water Dist	690	Improve water system.
Middle school	1,155	Alleviate overcrowding.
Roosevelt Roads		
Elementary School	3,361	Upgrade substandard fac.
High School	3,280	Upgrade substandard fac.
Communications Station		
Transmitter Cooling Sys	1,300	Improve heat/humidity controls.

PROPOSED FY 1991 MILITARY CONSTRUCTION PROGRAM

ANTIGUA	**($000)**	
Missile Tracking Annex		
Instrumentation Facility	8,200	Upgrade capability.
GUANTANAMO BAY		
Joint Air Recon Ctr Addn	1,000	Remote surveillance equipment associated with expansion of Key West ctr.
Family Housing	31,669	Will allow 254 more accompanied tours.
HONDURAS		
Soto Cano		
C-130 Aircraft Apron	3,800	Replaces failing pavement.

La Mesa		
Airfield improvements	13,400	Provides pavement, fuel storage and related facilities for exercise and crisis support.
PANAMA		
Kobbe		
Modify Barracks	1,350	Quality of life.
PUERTO RICO		
Ft Buchanan		
Addn to Jr/Sr High Sch	4,200	Upgrades substandard fac.
Sabena Seca		
Operations Bldg Addn	810	Upgrades substandard fac.
KEY WEST		
EOD Mobile Unit Facs	3,000	Supports growth of unit.
Joint Air Reconn Ctr Addn	3,000	Upgd and Addn to center.

PROJECTS CURRENTLY IN PLANNING FOR THE 1992 MILCON PROGRAM

ANTIGUA	($000)	
Naval Support Activity	2,150	Support for SOF.
GUANTANAMO BAY		
Fire Station	2,450	Replaces inadequate fac.
Waterfront Ops Bldg	2,650	Consolidates waterfront operations.
Hospital/Dental Clinic	45,000	Replaces inadequate fac.
PUERTO RICO		
Roosevelt Roads NS		
Drone Target Integ Fac	1,800	Supports fleet training ranges.
Enlisted Galley	2,580	Replaces undersize mess.
KEY WEST		
Naval Security Group		
Operations Bldg Addition	1,080	Supports expanding missions and personnel.

PROJECTS CURRENTLY IN PLANNING FOR THE 1993 MILCON PROGRAM

ANTIGUA	($000)	
Naval Support Facility		
Family Housing	5,100	40 units for permanently assigned personnel.
GUANTANAMO BAY		
Civilian barracks	5,600	Living quarters for Jamaican nationals work force.
Pier extension	4,600	Eliminates explosive safety violations.
Replace shore IMA	4,000	Consolidate ship intermediate maintenance functions.
PUERTO RICO		
Roosevelt Roads NS		
Dental Clinic	5,000	Replaces inadequate facs.
Conforming storage	350	Provides storage fac that meets current criteria.

PROJECTS CURRENTLY IN PLANNING FOR THE 1994 MILCON PROGRAM

ANTIGUA	($000)	
Generator	680	Upgrade base power.
Magazines	1,000	Supports SOF mission.
Raw water reservoir	2,100	Increase water supply.
BAHAMAS		
Andros Island NUSC		
Power plant mod	4,950	Improve reliability and capacity
Civilian bach qtrs	4,400	Replaces totally inadequate facility.
GUANTANAMO BAY		
Shore IMA storage	2,300	Supports intermediate maintenance functions.
Base police station	1,250	Replaces undersized fac.
Civilian barracks II	5,000	Replaces inadequate fac.
Post Office	770	Replaces undersized fac.
Cold iron wharf B	1,250	Provides utilities to ships in port.
Ordnance facility	2,200	Upgrades station weapons maintenance capability.

Family housing	15,900	100 units for additional accompanied tours.
PUERTO RICO		
Roosevelt Roads NS		
Torpedo shop	5,900	Supports fleet training.
General warehouse	2,400	Replaces inadequate fac.
Approach lighting	1,055	Airfield safety.
Comm center addition	700	Space for new equipment.
KEY WEST		
Medical/Dental clinic	15,000	Replaces inadequate fac.

NON EXERCISE MINOR CONSTRUCTION FY 1989 PREVIOUSLY REPORTED

HONDURAS	($000)	
Soto Cano	541	17 Projects
Tiger Island	90	Repairs to troop support facilities
La Ceiba	33	4 buildings to support Special Forces and medical/humanitarian civic action training activities.
COSTA RICA		
Well drilling	0	Deployment for training.

Where cost is zero, funded costs are borne by the host nation.

NON EXERCISE MINOR CONSTRUCTION PLANNED FOR FY 1989

NOT PREVIOUSLY REPORTED

HONDURAS	($000)	
SOTO CANO		
Install street lights	24	Security
Relocate soccer field	24	Quality of life
Pole barn Av task force	22	Operational facility
Approach slope indicator	10	Operational facility
Replace med waste incinerator	9	Operational facility
Softball field	23	Quality of life
Flood/erosion control	50	Safety item
Photo facility	25	Operational facility
Pole barn class IV yard	23	Operational facility

Repair 10 man bunkers	23	Security item
Repair/replace sidewalks	48	Safety item
Relocate radio beacon	5	Operational facility
Repair erosion east bridge	15	Safety item
Install 2 POL berms	12	Safety item
Construct wash room	2	Quality of life
Alter bldgs 58 and 59	6	Operational facility
Storage for medical supplies	25	Operational facility
Replace afld lgts power line	22	Operational requirement
Replace pwr to acft washrack	12	Operational and safety
Shower bldg south base	55	Quality of life
Latrine south base	5	Quality of life
Replace rwy approach lights	173	Operational requirement
Construct 8 bunkers	23	Security and safety
Replace main base shower	55	Quality of life
Pole barn for motor pool	23	Operational facility
Blackjack barrier system	199	Force protection
Replace defense positions	50	Force protection
Lighted running track	80	Quality of life
Repair ammunition bunkers	20	Operational facility
Blackjack motor pool and vehicle maintenance bays	75	Operational facility
Aviation operations facility	35	Operational facility
Addn to rations warehouse	30	Operational facility
Flammable material storage	65	Operational facility
Sewer line, north shower	20	Quality of life
Upgrade drainage	40	Quality of life
Trailer holding area	75	Operational facility
Power plant welding facility	24	Operational facility
Tacan road improvement	175	Operational facility
PUERTO CASTILLA		
Two pre-engineered bldgs	0	Deployment for training
AMAPALA NAVAL BASE		
One pre-engineered bldg	0	Deployment for training

COSTA RICA		
Well drilling	0	Deployment for training
Well drilling	0	Deployment for training
GUATEMALA		
Rock drilling/blasting	0	Deployment for training

Where cost is zero, funded costs are borne by the host nation.

SERVICE UNSPECIFIED MINOR CONSTRUCTION

PREVIOUSLY REPORTED

($000)

None to date.

EXERCISE RELATED CONSTRUCTION FY 1989

HONDURAS	($000)	
SAN LORENZO		
Taxiway	541	Troop exercise
Apron repair	883	Troop exercise
Field ammo storage	132	Troop exercise
POL storage/staging	328	Troop exercise
Single lane unpaved road	251	Troop exercise
GOLOSON AB		
Ammo storage bunker with access road	250	Troop exercise
Cargo staging area with access road	610	Troop exercise
AGUAN VALLEY		
Aircraft target range	250	Troop exercise
JOCON		
Upgrade of Yoro-Jocon road	360	Troop exercise
600 man base camp	196	Troop exercise
SAN LORENZO ABAJO		
6 km two lane unpaved road	360	Troop exercise
600 man base camp	280	Troop exercise

COSTA RICA

7 bridges and 3.2 km single lane unpaved rd Osa peninsula	80	Troop exercise

CONSTRUCTION PLAN AND ENGINEERING ACTIVITIES
CARIBBEAN BASIN 1989 - 1994

SUMMARY

($ in millions)

MILCON

FY	89	90	91	92	93	94	TOTAL
Antigua	6.47	0	8.20	2.15	5.10	3.78	25.70
Cuba	0	0	32.67	49.95	14.20	28.67	125.49
Honduras	3.05	17.50	17.20	0	0	0	37.75
Panama	2.60	14.41	1.35	0	0	0	18.36
Puerto Rico	0	9.47	5.01	4.38	5.35	10.06	34.27
Other	0.85	4.14	6.00	1.08	0	24.35	36.42
	12.97	45.52	70.43	57.56	24.65	66.86	277.99

Current treaty implementation planning for Panama involves force reductions and may encompass unit and installation consolidations. Should valid consolidation projects be identified and if justifiable and self-amortizing, by the elimination of O&M costs, they will be submitted for Congressional consideration.

HONDURAS NON EXERCISE O&M FUNDING

Reported to date	0.64						0.64
Estimated Additional	1.60	3.00	3.00	3.00	3.00	3.00	16.60

HONDURAS UNSPECIFIED MINOR MILITARY CONSTRUCTION

Reported to date	0

EXERCISE RELATED CONSTRUCTION

Program	3.52	4.00	4.00	4.00	4.00	4.00	23.52

ADDITIONAL COMMITTEE QUESTIONS

Senator SASSER. We appreciate you appearing before us this morning. As I have said, we will be submitting some additional questions in addition to those on base closure for the record.

Thank you, gentlemen.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR JIM SASSER

PENTAGON CONSTRUCTION

Question: What is included in the request for Fiscal Year 1990 for the proposed rehabilitation of the Pentagon complex?

Answer: The 47 year old Pentagon building has suffered from decades of neglect and under-funded repair and maintenance programs. As a result, many building systems have deteriorated beyond the point of economical repair and will require total replacement. None of the original major building support systems have ever been replaced or significantly upgraded. The electrical, HVAC and plumbing systems need to be replaced to ensure continued service to the building, to bring the systems up to modern standards and to provide for increasing loads. Exterior repairs and window replacement will also be required. The Pentagon Heating and Refrigeration Plant is even in a more serious state of disrepair and construction of a new plant is critical. None of the four original coal fired boilers are operational. The plant operates with a built-in oil fired boiler (circa 1973) and three rented oil fired package boilers. Only two of seven chillers are operable. The plant is operating with two 2,500 ton chillers and two 1,000 ton rented chillers. Interim repairs will be completed before the start of the cooling season. Because of heightened concerns for security, the security perimeter of the Pentagon concourse was moved from the foot of the ramps to just inside the metro entrance effectively enclosing the concourse within the security perimeter. Checkpoints were temporarily installed, with the permanent improvements planned as a follow-on project. The permanent security improvements are needed, especially since 40 percent of the employees (over 9,000) use the concourse entrance to the building. The Fiscal Year 1990 request has within the planning and design for the Washington Headquarters Services $4.0 million for design of a new Pentagon Heating and Refrigeration Plant and $1.3 million for design of security improvements for the Pentagon concourse.

Question: What is the total cost of the proposed rehabilitation?

Answer: The preliminary total construction cost of the Pentagon Renovation is estimated to be $533 million for the Pentagon building, $63 million for a new Pentagon Heating and Refrigeration Plant and $13.3 million for the Pentagon concourse security improvements. A total estimated construction cost of $609.3 million spread out over a 7 year period. Since the renovation has yet to be designed, these are order of magnitude preliminary estimates that will be continually refined.

Question: What is the funding profile by year of the proposed project?

Answer: The preliminary funding profile for the Pentagon renovation and a new Pentagon Heating and Refrigeration Plant covers a 7 year period as shown below.

FY 91	Heating Plant, Concourse Security	$76.3 Million
FY 92	Renovation Increment 1	$83.0 Million
FY 93	Renovation Increment 2	$82.0 Million

FY 94	Renovation Increment 3	$86.0 Million
FY 95	Renovation Increment 4	$90.0 Million
FY 96	Renovation Increment 5	$94.0 Million
FY 97	Renovation Increment 6	$98.0 Million

Question: Will the rehabilitation project also include an expansion of the existing Pentagon building?
Answer: The Department is analizing for cost effectiveness and operational concerns a number of methods that would provide swing space for the activities in the building which need to be moved so the renovation can proceed. One of the major considerations in this analysis is the cost to lease space. A method that could provide a portion of the required swing space is the construction of a logistics support extension for the light industrial, shops, postal facilities and other support activities with related functions now in the Pentagon. The decision on providing a logistics support structure will be made on the cost effectiveness of this alternative and the technical and engineering evaluation of the feasibility of construction. These studies are a part of the next design phase (design development) of the renovation.

Question: How much square feet will be added by the addition?
Answer: As discussed above, the logistics support extension is under study and the technical and engineering investigation which would determine the prospective size is part of the next design phase of the Pentagon renovation. The preliminary planning studies project a structure around 300,000 occupiable square feet, with the exact size dependent on the results of the technical and engineering investigations.

Question: What is the projected cost of only the expansion increment of the project?
Answer: The logistics support extension requires further technical and engineering investigations to determine the size that would be feasible. Consequently, no definative construction cost estimates are available. For planning purpose a range of $45 to $65 million is being used depending on the size of the logistics support extension. This range for the estimated construction cost compare favorably with the 8 year estimated cost to lease from the private sector a like amount of space which is estimated to range from $55 to $85 million depending on the amount of space leased.

Question: Will the project result in an increase in the number of personnel currently assigned to the Pentagon?
Answer: The studies on the renovation of the Pentagon include investigating ways to increase the efficiency of the Pentagon and improve the occupiable square foot to gross square foot ratio. In addition to these investigations, consideration is being given to a logistics support extension. These two factors could result in additional space available in the Pentagon. The specific amount of space which might become available for other activities would be in the range of 300,000 square feet. For preliminary planning purposes, this amount of square feet, depending on the specific activities assigned, could result in a six to eight percent increase in the number of personnel (1,500 to 2,000) assigned at the Pentagon.

Question: Will average net square feet per person be increased by the project?

Answer: The efficiency of using space is categorized as a utilization rate and measured on the basis of occupiable square feet of office space per employee. Although there are activities in the Pentagon that are over crowded, for planning purposes, the occupiable square feet of office space per person (the utilization rate) in the Pentagon is assumed to remain the same under the renovation. There will be adjustments among activities and functions to eliminate overcrowding in specific areas. Some of the renovation proposals would provide much needed office support areas for meetings, equipment, and other office support functions. However, the occupiable square foot of office space per person is not planned to increase.

Question: Does the Department of Defense currently plan on the construction of the so-called Pentagon II complex?

Answer: No! The so-called Pentagon II (Pentagon Annex) is not programmed for any fiscal year. The Pentagon Annex proposal is on hold pending the completion by the General Services Administration of a master plan and environmental impact statement for a reduced annex project and the full coordination of the plan with Arlington County officials and other interested and affected organizations. The Department's priorities for the Pentagon Reservation are for a new Heating and Refrigeration Plant, security improvements for the concourse and the renovation of the Pentagon.

Question: If there are no plans to proceed with construction of the Pentagon II complex, why is the Department seeking repeal of existing law which prohibits the expenditure of funds to design a Pentagon Annex project?

Answer: The Department is seeking repeal of the existing law prohibiting the expenditure of funds to design a Pentagon Annex Project as a housekeeping item and because the law is unnecessarily restrictive. The Department is not so restricted at any other site. The Department has not programmed a Pentagon Annex Project. However, following completion of the Master Plan for the Pentagon Reservation and coordination with local officials, the Department requires the flexibility to further pursue the project without waiting for legislative changes. Should this situation occurr the Committees would be notified of the Department's intent under U.S.C. Title 10 Sec. 2802.

Question: What is the current estimate of cost for a Pentagon Annex project, separate from the rehabilitation project being requested?

Answer: The master plan with a reduced annex project has not been completed by the General Services Administration. Therefore, the size of an annex project has not been established and estimated construction costs have not been prepared. The renovation project does not include any funds for an annex project.

Question: Under the proposed renovation, one-fifth of the Pentagon will be closed and personnel functions moved to other leased facilities. How much additional leased space must be purchased by the Department and how long will the leased space be required to support the renovation?

Answer: The studies underway on renovation of the Pentagon include an investigation of the most cost effective method of providing the swing space required to close a portion of the building for renovation. If leasing of the swing space for the renovation is the method selected then the Department would need to lease 780,000 to 800,000 occupiable square feet for eight years. However, a more cost effective approach may be to construct a logistics support extension for the light industrial, shops, postal facilities, laboratories and support activities with related functions now in the Pentagon, move these activities, and use the vacated space for swing space. Concurrent with this action, if a portion of FB2 was made available by relocating either the Navy or the Marine Corps to other government-owned space then the Department would need only a small amount of leased space and, depending on the result of the technical and engineering study of the logistics support extension which will establish the size, may not need to lease space for the renovation.

Question: Does the funding profile provided above include the cost of new leased space to support the renovation?

Answer: No! The funding profile provided above is the construction cost of the new Heating and Refrigeration Plant, the concourse security improvements and the renovation of the Pentagon. The profile does not include new leased space to support the renovation.

As discussed before, the Department is investigating the most cost effective method of providing swing space required to proceed with renovation. Preliminary planning indicates a swing space need of 780,000 to 800,000 occupiable square feet for 8 years. Costs to lease this amount of swing space are projected to range from $175 to $225 million over the renovation period. Alternatives that provide swing space in government-owned facilities will be refined in the next design phase (design development) of the renovation. The construction of a logistics support extension, together with space made available in FB2 by relocating either the Navy or the Marine Corps to other government-owned facilities may, depending upon the recommendations of the technical and engineering evaluation, result in the need to lease only a minimal amount of space for the Pentagon renovation.

Question: Under what circumstances would the renovation project require the construction of a new headquarters for the Marine Corps?

Answer: The investigations now underway into the most cost effective method of providing swing space while the Pentagon is renovated includes an analysis of the advantages of having a part or all of FB2 available for swing space. One approach being examined for making a part of FB2 available is the relocation of the Headquarters of the Marine Corps to a new building complex at Henderson Hall as currently under study by the Marine Corps. There are no specific circumstances where the renovation of the Pentagon requires the construction of a new Headquarters for the Marine Corps, although this alternative may be one of the more cost effective solutions to providing swing space for the renovation.

Question: Are the Marines currently programming for a new Headquarters building?

Answer: The Marine Corps is pursuing planning alternatives addressing the ultimate relocation of the Headquarters into administrative office buildings at Henderson Hall. This could be accomplished through various methods such as via several phased military construction projects or construction via a public-private venture. The relocation proposal is included in the "Report to the Congress on DoD Administrative Space Planning for the National Capital Region", May 1988. Due to programming and budgeting priorities within the Marine Corps, no portion of the Headquarters relocation has been programmed within the 5-year development plans.

Question: What would be the construction cost of a new Marine Corps Headquarters building?

Answer: Since the Headquarters building complex has not been programmed, detailed construction cost estimates relative to specific fiscal years have not been developed. For preliminary planning purposes an order of magnitude preliminary estimate of over $80 million for the approximately 450,000 square foot building is being used.

Question: Would the construction cost of the proposed Pentagon rehabilitation project be in addition to the top line for construction for the services or would construction for family housing, barracks, and mission-related facilities be reduced in order to accommodate the Pentagon rehabilitation project?

Answer: The Defense Budget is developed recognizing that the total resource level is finite. Since this resource level is finite, to the extent one program or project is funded, another may not be funded. However, there were no direct trade-offs among construction projects in order to fund the Pentagon renovation. If the Pentagon renovation was not included in the budget, then those resourses would be used for other programs or projects as determined by the Department. This could be operations and maintenance, procurement, research and development, military construction or whatever program or project was deemed the highest priority.

Following is an information paper provided to the Subcommittee by the Department of Defense on current plans for a major construction project to rehabilitate the Pentagon.

BRIEFING FOR
SENATE COMMITTEE ON APPROPRIATIONS STAFF OF
THE SUBCOMMITTEE ON MILITARY CONSTRUCTION

PENTAGON RESERVATION PROPOSALS

Background

The Pentagon was constructed over a 16 month period with funds authorized through the First Supplemental National Defense Appropriation Act, 1942. Although authorized and funded for the War Department, the building is under the management and control of the General Services Administration (GSA), and since the implementation of the Federal Buildings Fund (FBF) in 1975, the Department has been paying GSA for use of the building. Payments to GSA for the Pentagon alone have totaled over $560 million of which about 60 percent was spent to operate and maintain the building. Because of increased charges based on local real estate values, the amount of this payment now returned to DoD is about 45%.

Even though the Department paid GSA approximately $225 million more than the basic costs of operating, maintaining and protecting the building, GSA did not commit additional funds for improved maintenance. As a consequence, the building has suffered from decades of neglect and poor maintenance, and this situation is not expected to change as long as GSA controls the building.

Under an agreement with GSA, effective October 1, 1987, the Department was delegated the authority for the day-to-day operation, protection and maintenance of the Pentagon Reservation including the Pentagon, FB2 and the Pentagon Heating and Refrigeration Plant. The Department still makes payments to GSA and is rebated an amount GSA determines is necessary to cover operation, protection and maintenance costs.

In order to initiate the critically needed replacement of the Pentagon Heating and Refrigeration Plant and the renovation of the Pentagon, four items, two legislative and two budgetary are included in the Fiscal Year 1990 and 1991 program. Specifically:

-- Transfer Legislation --

Language proposed for inclusion in the general provisions of the Military Construction Authorization Act for Fiscal Years 1990 and 1991 would transfer the Pentagon reservation from the General Services Administration to the Department of Defense effective October 1, 1989.

- The transfer has the support of GSA
- The transfer is the next logical step considering GSA has delegated day-to-day operation, maintenance and protection for the Reservation to DoD
- Eliminates a layer of management
- The Federal Buildings Fund is unlikely to have sufficient resources to support the renovation of the Pentagon
- Even if the resources were available to GSA, national priorities would preclude using a significant portion of the funds for renovating the Pentagon
- DoD still pays GSA $78 million a year for the Pentagon and FB2 of which $35 million (45%) is returned for operation, maintenance and protection

-- Repeal Pentagon Design Prohibition --

The general provisions of the Military Construction Authorization Act for Fiscal Years 1990 and 1991 will request the repeal of section 2725 of P.L. 99-661 that prohibits the use of appropriated funds for the design of a facility known as the Pentagon Annex.

The prohibition on design is unnecessarily restrictive and would limit the Department's ability to proceed with the implementation of the Master Plan being prepared by GSA and expected to be completed by the second quarter of Fiscal Year 1990.

The Department is not planning to begin design on an "Annex" project. The Department will not even consider scheduling design until after the Master Plan has been fully coordinated with all parties. However, the prohibition on design is restrictive and should an "Annex" receive the necessary support and favorable comments, design could be initiated without waiting for legislation. Appropriate notification of the Department's intent would be provided the Committees under the notification requirements of title 10.

-- Pentagon Heating and Refrigeration Plant --

(FY 90 Design 4.0 million)
(FY 91 Construction 63.0 million)

The replacement of the Heating and Refrigeration Plant is the most critical capital improvement necessary at the Pentagon Reservation. The Department is undertaking interim repairs in order to continue operations until a new plant is available. Design funds are requested for FY 90 with construction following in FY 91.

Serves: Pentagon, Federal Building 2, and Henderson Hall (steam only)

- All four original coal-fired boilers are inoperable
- Currently, operating with one built-in oil fired boiler and three rented oil-fired package boilers (Rental is $1,020,000 per year)
- Only 2 of 7 chillers are operable; currently, operating with two 2,500 ton existing chillers and two 1,000 ton rented chillers (rental is $279,000 for 3 months). Programming repairs to all chillers.
- Architect/Engineer study in progress, will be completed in April 1989
  - Will make recommendations for providing long-term reliable heating and cooling services
  - Will evaluate co-generation and third party provision of services
  - Implementation of recommendations planned for an FY 1991 start with a 30-month construction period

-- Concourse Security Improvements --

(FY 90 Design 1.3 million)
(FY 91 Construction 13.3 million)

The Pentagon Concourse is the main entrance to the building with about 40 percent of the employees (almost 9,000) using the two concourse entrances. In addition to the employees, all tours and many visitors use the concourse entrance.

Recent international and national events created a demand for increased security resulting in temporary security improvement measures, including closing the concourse to the general public, the installation of metal detectors, and the construction of several temporary security stations. Design funds for the security improvements are in FY 90 with construction following in FY 91.

The proposed improvements include:

- o Construction of a central security station serving both entrances to the concourse
- o Improved waiting area for business guests, visitors and tour groups, with related telephones, restrooms and a gift shop
- o Improved circulation within the Concourse providing line-of sight viewing from the security station along the major circulation arteries
- o Relocation of some of the business tenants because of the improved circulation artery
- o Removal of asbestos
- o Heating, ventilation, air-conditioning, electrical and plumbing upgrading and rough-in for tenants

-- Future Project --

Pentagon Building Renovation
(FY 91 First Increment Design 10.0 million)

Completed in January 1943, the facility is in an extremely poor state of repair and extensive renovation is required. The renovation will be phased with design of the initial increment in FY 91. The problems in the Pentagon include:

- o Heating, ventilating and air conditioning system has inadequate capacity, is inflexible (no interior zoning) and requires replacement
- o Electrical distribution system is outdated, wire closets and panels are overloaded
- o There is no cable management system (communications and personal computers)
- o Exterior surfaces in poor condition; steel casement windows won't close, leak air and water
- o Basement on-grade floor slabs have deflected up to 12" out of level
- o Primary office areas cannot be subdivided due to lack of interior air conditioning zone resulting in inefficient spatial arrangements
- o Hazardous asbestos materials exist in ceilings and at heating and air conditioning equipment
  - Authority to begin design delegated from the General Services Administration
  - First phase (Concept Plan) of three-phase design effort in process, will be completed in February 1989

- **Renovations are being developed to meet the needs of modern automated administrative office functions**

- **Implementation of renovation is planned for an FY 1992 construction start in this 4,000,000 occupiable square foot facility**

o Swing Space -- (Major Constraint)

The major constraint in the renovation of the Pentagon will be the availability and timing of the swing space needed for activities moved from the Pentagon while the renovation is underway. The specific amount of swing space needed is still being studied. An absolute minimum of 800,000 square feet has been established for planning purposes. In this regard two options could be considered:

- Lease the Swing Space Needed

  -- Would be the most costly option (over $150 million for the period of the Renovation)

  -- Would be contrary to goal of decreasing use of leased space

  -- Proximity of available leased space may not be near the Pentagon

- Pentagon Logistics Support Extension/FB2 Building

  Under this option, the Marine Corps Headquarters building would be constructed at Henderson Hall and the Marine Corps space in FB2 would be used as swing space. Concurrent with this, as the first increment of renovation a logistics support extension would be constructed below the elevation of the Mall Entrance for all the service and support functions of the Pentagon. These two actions combined would provide the swing space needed.

  -- No need to lease space

  -- Improved security

  -- Improved service

  -- In the long range, after using FB2 as swing space, the site would be developed to provide additional government-owned administrative facilities for the Department

PENTAGON RESERVATION

ESTIMATED FUTURE RENTAL PAYMENTS
TO THE GENERAL SERVICES ADMINISTRATION
(In Millions)

Rental Payments	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	TOTAL
Pentagon	$67.6	69.2	85.5	87.6	89.7	91.8	94.0	114.4	117.2	$817.0
FB-2	12.0	12.3	15.3	15.7	16.0	16.4	16.8	20.5	21.0	146.0
	$79.6	81.5	100.8	103.3	105.7	108.2	110.8	134.9	138.2	$963.0
O&M Budget Targets*										
Pentagon	$31.5	33.1	34.7	36.5	32.8**	34.4	36.2	38.0	39.9	$317.1
FB-2	2.6	2.7	2.9	3.0	3.2	3.3	3.5	3.7	3.8	66.0
Pent H&R Plant	6.6	6.9	7.3	7.6	6.8	7.1	7.5	7.9	8.3	28.7
Subtotal	$40.7	42.7	44.9	47.1	42.8	44.8	47.2	49.6	52.0	$411.8
Net Payment To GSA	$38.9	38.8	55.9	56.2	62.9	63.4	63.6	85.3	86.2	$551.2

FY 90 O&M Breakout

	Cleaning	Utilities	Maint	Admin	Protec	Repairs	Total
Pentagon	12.6	8.8	4.9	1.5	1.5	2.2	31.5
FB-2	1.2	0.3	0.4	0.4	0.0	0.3	2.6
Pent H&R Plant	0.1	1.8	4.1	0.5	0.0	0.1	6.6
Total	13.9	10.9	9.4	2.4	1.5	2.6	40.7

NOTES

* Estimates do not include nonrecurring repairs which would be budgeted as line items for specified projects.

- O&M Budget targets increased at 5 percent per year, a lower rate of increase would result in a higher net payment to GSA.

** Assumes reduced O&M cost while building is renovated.

Installment-Purchase of Family Housing

Question: The previous Administration failed to include in the budget request for Fiscal Year 1990, a legislative proposal to initiate a pilot project for the installment-purchase of military family housing, as required by Public Law 100-447, the Military Construction Appropriation Act of 1989. Does the Bush Administration plan to submit such a proposal in accordance with law?

Answer: The Administration generally opposes lease/ installment purchase. Former President Reagan stated when he signed the Military Construction Appropriations Act for Fiscal Year 1989, that Congress may not by law command the President to submit legislation of this nature, and indicated that such provisions have been consistently treated as advisory not mandatory. Such a proposal is not planned at this time.

Question: The Office of Management and Budget has opposed an installment-purchase program and indicates that the entire cost of the program must be scored in the first year, although the mortgage payments would be spread over 15 to 25 years. What is OMB's specific objection to the program which would lead to such a scoring requirement? Does the Department of Defense agree with OMB's position on this issue?

Answer: We understand OMB supports federal budgeting methods that require the entire scoring of an installment-purchase in the first year for government ownership. OMB objects to committing future Administrations to long term payments and does not want to obscure such commitments by not accounting for them when they are made. DoD's policy is to comply with OMB guidance in such matters.

Question: Under the Section 801 program, the Federal Government is committed to annual lease payments for a period of 20 years. Yet the Office of Management and Budget does not score the entire cost of the lease in the first year. If Section 801 housing lease payments are not scored in the first year, why should a new program of installment-purchase payments need to be scored in the first year?

Answer: OMB requires "scoring" when a transaction is a binding long term obligation resulting in government ownership of the property. While lease payments under Section 801 authority (10 U.S.C. 2828) are also long term obligations, they do not result in government ownership of the property; Section 801 payments are sufficient to cover only the fair market rental value of the property for a limited time period (20 years) rather than the full acquisition value of the property.

Question: Under the existing Section 801 build-lease program, the Federal Government does not own family housing at the end of the 20-year lease period. Under an installment-purchase program, the Federal Government would own the housing after the mortgage is paid. Does OMB believe Section 801 is a more appropriate approach to military family housing?

Answer: The Department cannot speak for OMB. It should be noted, however, that the lease payments made under a Section 801 Build-to-Lease agreement do not constitute a mortgage payment; lease payments cover only the first 20 years use of an investment valued at a 45 year life expectancy under OMB Circular A-104 procedures. If the Section 801 developer were not permitted ultimate ownership of this property at the end of the lease period as it is currently defined, the annual expenses to the Federal Government would be proportionately higher. The objective of Section 801 housing authority is to increase the inventory of adequate, affordable housing assets in the vicinity of our military installations, whether government-owned or privately-owned. Properly applied, Section 801 Build-to-Lease authority will do just that without the necessity of additional government investment in housing ownership.

Following are excerpts of a report requested by the Congress on alternative methods of family housing, including a discussion of initiating a program of installment-purchase of family housing--a so-called revived Capehart program:

DoD REPORT ON ALTERNATE METHODS OF PROVIDING HOUSING
EXECUTIVE SUMMARY
MAY 10, 1988

SITUATION:

The quality-of-life for military families is determined to a significant degree by the availability of adequate numbers of suitable quality, affordable housing. It is certainly true that "the key to sustaining a powerful military force is to keep good forces." The quality of our airmen, soldiers, sailors, and marines has never been better. However, sustaining that quality in the competitive environment of the 1990s is a formidable challenge. Advancing technologies and force modernization have stimulated shifts in the duty locations of many military personnel. The services have moved thousands of military families into areas where military owned housing is not available and local private sector development of housing has been slow. The result is families forced to live in either very low quality housing, housing that is too far from the base to be mission supportive, or housing that costs more than a military family can afford.

This situation leads to a total programable housing deficit of 57,362 units in DoD (42,115 U.S. units and 15,247 foreign units). Many families are so poorly housed that retention of the military member is in doubt. In addition, the 34% of military families that live in military owned and operated housing are being provided quarters that do not meet contemporary housing standards. In the Air Force alone, 80,000 units (more than 55% of their stock) are outdated requiring major improvements to meet the expectations of an all-volunteer military family. The backlog of additional housing and revitalization requirements stretch beyond twenty years, at current funding levels.

In the final analysis, the quality of housing, whether on base or off, should contribute to the "sense of community" of the extended military family. This community sustains the individual military members during training, deployments, and war, allowing the total force to achieve its full potential. At the present time, military housing is not achieving its goal. This failure will be a disastrous legacy for the 1990s unless adequate resources are brought to bear on the problem.

CURRENT OPTIONS:

Military Construction (MILCON) Program

Half of the current Air Force housing assets were purchased under provisions of the Capehart Act (1955-1963). This program permitted housing to be purchased "on time", similar to the mortgage arrangement for a private homeowner. Since that time, new housing and housing improvements have been funded in annual MILCON appropriations. This causes the services to "pay cash" for housing construction (new houses, replacements, and improvements). Capehart, on the other hand, authorized mortgage financing and allowed the services to gain the use and value of the houses immediately while paying for the construction as annual debt service.

Domestic Build-Lease - Section 801

To cope with the insurmountable imbalance between requirements and resources, several private sector financing programs are being tested. Section 801, has been the most successful. Beginning with a 300 unit project at Eielson AFB, Alaska, each service has achieved some success with this approach. Mandated to be less costly than MILCON, 801 is acquired with a contract that promises twenty annual lease payments from the U.S. government subject to the annual appropriation of funds. The uncertainty in the financial community generated by this provision has been translated into a high interest rate for financing each project. Interest on 801 projects has been approximately two percentage points above long term Treasury bond rates. Suitable quality houses have been built at lease costs competitive with MILCON housing. It is clear; however, the cost of 801 housing could be reduced if more favorable interest rates could be obtained.

Domestic Rental Guarantee - Section 802

As an alternative to Build-Lease, the services are pursuing Section 802. Unfortunately, no housing construction has been successfully delivered by this approach. The apparent problem with this alternative is that it is dependent upon Basic Allowance for Quarters (BAQ) and Variable Housing Allowances (VHA) as a source of funding. We know that BAQ plus VHA is only targeted at 85 percent of the median cost to provide adequate private sector housing in a given area. Furthermore, BAQ/VHA rates have declined, due to the imbalance between inflation and pay/allowance adjustments, to less than 78% of median housing costs. Therefore, the guaranteed rental payments available for a potential 802 contract are insufficient to stimulate acceptable quality projects from industry. Although 802 looks like a very good financial deal to the government, it has not been attractive in the private sector. Several changes have been authorized in 802 to improve this situation: construction on government owned land, payment of utilities from appropriated funds, and separate maintenance contracts are expected to improve the prognosis for 802 projects especially projects for renovation. As a higher risk project than 801, we expect interest rates would also be higher.

Real Estate Leasing - Section 2667

Real Estate Leasing authority in 10 USC 2667 is also being pursued to gain private sector investment in family housing. A highly responsive project was constructed at Fort Ord, California to provide immediate relief to a dismal housing situation. This approach provides government owned land to a privately owned housing project, at no cost. In return, the service members get the first right of occupancy and the government gains some controls regarding quality of construction, quality of maintenance, and rents. As a true private sector real estate venture, this technique is also dependent upon housing allowances for funding. In addition, there must be potential demand in the local economy to assure sufficient occupancy to amortize the cost of construction. Again, as a higher risk venture than 802, Section 2667 housing should demand higher interest rates than either 801 or 802.

REVIVED CAPEHART:

A revived and updated Capehart program could be a very timely and cost effective method for constructing additional and replacement housing as well as for renovating existing housing provided the budget authority is not "scored" in the year authorized. Capehart could be an excellent solution to military housing construction problems if the debt payments are scored in the budget in the year the payments are owed. The legislation creating Capehart is still on the books (42 USC 1594 and 12 USC 1748b). However, it is presently unusable. The maximum interest rate (4 1/2%), price per unit ($19,500), and total scope of the program limits are out of date. In addition, it only authorized new construction and did not authorize revitalization of existing units. The program was structured to require builders to acquire financing in small amounts before turning the mortgage liabilities over to the government. If this provision was revived, the services should have the ability to gain optimum interest rates through large increment financing. The most compelling reason to revive Capehart is to gain the leverage afforded by agency type borrowing with interest rates below those currently paid on successful 801 projects. Finally, the government will own the houses and improvements gaining the appreciation associated with home ownership rather than the empty bank account of the long-term renter.

The Capehart program exists and can, with some changes, be worked into an economically attractive solution to our housing problems. We understand Capehart. It is an old friend. This financial authority to buy now and pay later was very successful. It can be again.

* * * * * * *

VII. BUDGET ISSUES

The primary obstacle preventing the immediate application of Capehart authority is the problem with "scoring" the budget authority. The term "scoring" has come into use recently to account for the obligation of government funds over many years in third-party financed projects. Third party financing involves the use of private capital to achieve immediate government requirements paying for that capital over several years in other parts of the budget than MILCON. The first party, the government agency, contracts for a facility or a service such as space in a facility. The second party, the private contractor, does the actual construction. The third party, the private lending institution, provides financing to capitalize the cost of construction. Each year, Congress authorizes government agencies to incur government liabilities. When appropriated funds are involved, the entire amount of liability which the government agency is authorized to incur equals the amount of funds appropriated. In that case, authority to incur obligations (budget authority) occurs in the same year funds are appropriated and so scoring is not a problem. In third party financing arrangements, appropriation occurs each year as annual principal and interest payments are made. The problem with Capehart is the question of when to score the total liability, in the first year (the year of budget authority) or each year as debt service is paid.

The principle of Full Funding is a long standing government policy (expressed in OMB-Circular A-11) of funding the total cost of major procurement and construction projects in the fiscal year in which they are initiated. It is part of legislative custom and tradition reinforced over the years by various budget acts, the Gramm-Rudman-Hollings Deficit Reduction Act being the most recent. Full funding is the reason the Office of Management and Budget insists that the full extent of government liability in third party financing arrangements be scored as Budget Authority in the year the debt/liability is incurred. In fact, the question of scoring budget authority is an artificial, remote controlling device for annual government fiscal outlays.

Outlays are defined as checks issued, interest payments made on the public debt, and other payments, net of refunds, and reimbursements. They do not include debt principal payments in the year of appropriation. Principal payments are not part of the expenditure account, they are accounted for under the category "reductions to agency debt". They are, however, counted as outlays when the debt is initially incurred or scored in the budget. It is outlays that contribute to the federal deficit.

If Capehart is revived and all the Budget Authority is scored in the year a project is executed, this procedure would impact the services just like a MILCON appropriation. In this day of a declining budget and ever increasing military requirements, the services cannot afford to score the budget authority up front forcing them to give up bombs, bullets, and beans from other parts of the budget. In comparison, Section 801 projects incur a 20 year "obligation" to pay annual lease payments. However, because the 801 contract contains the phrase "subject to annual appropriation," its full liability is not scored in the first year. Although the phrase increases the interest rate, it does sidestep the scoring and Full Funding issues. On the other hand, it becomes an annual, "must pay" bill within the budget.

Must pay spending, for government accounting purposes, refers to the extent of liability over time. Congress appropriates funds for Family Housing Operations and Maintenance on an annual basis. When the Air Force moves tenants into Section 801 housing, the annual 801 lease bill and day-to-day repairs needed to insure the health and safety of tenants, are "must-pay". If these bills are not paid, the government is in default on its contract and the health and safety of military families would be impaired. Discretionary spending, on the other hand, refers to items such as exterior painting and roof replacement which can be deferred in any given year. Although 801 lease payments are must-pay bills, the government is not technically obligated to continue the payments. The Capehart Act specifically provides for payment to be made from future annual appropriations, so no action by Congress is needed to enact it. It also authorizes unconditional DoD guarantees of mortgages. These features should be retained in a revived Capehart program. The up-front scoring policy should not be applied to Capehart debts. These investments should be scored in the year the debt service (principal and interest) is paid.

* * * * * * *

IX. Legislative Provisions to Revitalize Capehart

The Capehart Act is still in existence (Codified at 42 U.S.C. 1594; 12 U.S.C. 1748b). It needs some new elements and some existing provisions need updating to serve as the vehicle for a modern new construction, replacement, and revitalization program. Some of its key features have stood the test of time and should not be changed. The following outlines some of the main points that need revision.

New Provisions

Provisions must be written to authorize Capehart funding for revitalization as well as new construction, when major investment in upgraded housing is merited by local housing conditions. In addition, since the DoD Guarantee already provided for in the Act is contingent on default, (which has never occurred in the Capehart program) the modern Capehart program should provide specifically that the government guarantee need not be funded until a default covered by the guarantee occurs. Finally, the program should authorize replacement of housing in lieu of improvement when physical conditions, community density, or economic analysis indicates replacement is preferable to Whole-House improvement.

Provisions That Need Updating

The following provisions from Title 12, U.S. Code, concerning mortgage insurance should be revised.

1. The maximum average mortgage needs to be raised from $19,500 per unit. Recommend $40,000 (the 10 USC 2825 limit) for rehabilitation and $95,000 for new or replacement construction, with each limit reviewed annually. Each should be adjusted for area cost factor (ACF). The total mortgage amount should also be adjusted to include the actual cost of land purchased for the project when government land is not available. Also note that experience with such limits indicate that it would be best to repeal them altogether. Let the market factors determine cost.

2. The 4.5% interest rate limit should be repealed; the rate should be the best obtainable in the financial markets.

3. The insurance rate needs to be reviewed in light of the determination on the DoD guarantee (see below). Since the repayment will be guaranteed by the Service Secretary, the premium should be nominal instead of 0.5% - 1.5% provided for in the current Act. Moreover, more than $76 million was paid to HUD during the original Capehart program without a single dollar paid out. That credit should be sufficient to fund any potential loss under a revived Capehart program, even without a formal DoD guarantee.

4. The Act should be modified to allow simplified procedures with respect to certifications of work and overtime.

In addition, the following provisions from Title 42, United States Code, Authorizing Contracts and Placing Conditions On Them, should be revised.

1. Change the requirement to award a contract from "lowest acceptable bid" to "proposal most favorable to the government, price and other factors considered."

2. Provide for use of title insurance, rather than requiring a title opinion by the Attorney General. Most titles are now approved by agencies rather than the Attorney General; title insurance facilitates approval at low cost. Eliminate the requirement to report to Congress on the costs of title searches and title insurance.

3. The DoD mortgage guarantees should be retained. Since the liability is contingent, and, in fact, no Capehart

payment was ever missed, no obligation of funds should be required until a payment, under the guarantee, becomes necessary.

X. Conclusions

Revival and update of the Capehart legislation could provide the Department of Defense with an economically attractive way to accelerate the accomplishment of its major backlog in family housing requirements at a relatively modest increase in the annual family housing budget. Capehart is not intended to replace the traditional MILCON acquisition program, but rather to supplement and accelerate housing construction efforts. Capehart authority would be attractive for this purpose only if the current practice of scoring the total liability in the budget in the first year could be avoided. Such scoring would defeat the primary purpose since, from a budget scoring standpoint, Capehart would be identical to appropriated construction.

Junior Enlisted Housing

Question: What is the Department of Defense policy regarding housing for junior enlisted personnel, particularly E-1's to E-3's?
Answer: The installation commander is responsible for assigning priorities to personnel eligible for family housing under DoD guidelines, which do not refer to grade or rank. Within these guidelines, the DoD considers E-1's to E-3's eligible for family housing.

Question: Provide for the record a statement from each Service on individual Service policies relating to housing for E-1's to E-3's.
Army Response. E-1's to E-3's are eligible for family housing but come under the last priority, by rank.
Navy Response. E-1's to E-3's may be assigned equally with other ranks where this would not adversely impact senior members.
Air Force Response. When housing lists for senior personnel are exhausted, family housing is offered to E-1's to E-3's.
Marine Corps Response. Have separate waiting list for family housing that is designated specifically for E-1's to E-3's.

Following is a letter sent by Chairman Sasser to the Secretary of the Navy concerning the policy for providing housing for junior enlisted personnel.

January 30, 1989

The Honorable William L. Ball III
Secretary of the Navy
The Pentagon
Washington, D. C. 20301

Dear Secretary Ball:

The Subcommittee has received a request from the Marine Corps for the modification of three family housing projects approved by the Congress in the Fiscal Year 1988 and 1989 Military Construction Appropriation Acts.

As approved by the Congress, the three projects at Camp Pendleton and Twentynine Palms included the provision of a special category of construction for E-1's to E-3's, who have been previously ineligible for family housing. The projects were approved for construction of housing with a net of 750 square feet.

The Marine Corps has notified the Committee that the projects could be accomplished within the appropriated amount if the special category units were built with a net of 950 square feet. The Committee offers no objection to the proposed modification with the understanding the projects can be built within the appropriated levels without any above or below threshold reprogramming actions.

During review of the request, however, the Committee has learned that the Department of the Navy is considering a family housing policy revision which would allow families of all junior enlisted personnel (grades E-1 through E-6) to be housed in comparable quarters, with no distinction as to grade or length of service.

The Committee strongly opposes such a revision which would result in unfair treatment for the higher-ranked junior enlisted who have demonstrated a willingness to make the military their career. Under the policy revision being considered, separate waiting lists by rank would no longer be required. Instead, an E-1, fresh from boot camp, would be as eligible as an E-6 with eight years of service for family housing. The E-1 would be provided with family housing before the E-6, merely if he placed his name on the waiting list prior to the more senior individual. Under the proposal, for example, it is conceivable that an E-1 could be assigned to Camp Pendleton and be provided family housing while his drill sergeant, an E-6, is denied family housing merely because he arrived only one day later.

Such a new policy, if implemented, would, in the opinion of the Committee, result in poor morale and reduced retention. The Committee has previously stated its strong objections to the provision of family housing for E-1's through E-3's until sufficient housing is provided to reduce the deficit for the more senior junior enlisted who have already reenlisted once and shown an inclination to stay in the service. The Committee has reluctantly supported the provision of special category construction and then only in certain high cost areas such as Camp Pendleton.

If the Navy implements the proposed policy revision, and begins providing housing to a broad category of enlisted personnel without regard to grade or length of service, many marines and sailors and their families, who have served their country for a number of years, could find on-base family housing in shorter supply. The Committee believes that the E-4's to E-6's deserve more consideration.

It would be appreciated if you would keep the Committee informed of future decisions relating to this proposed policy.

Sincerely,

Jim Sasser

Jim Sasser
Chairman
Subcommittee on Military
Construction

BASE CLOSURE

Question: How did the Base Closure Commission estimate the cost of construction associated with base closure and realignment decisions?
Answer: The Commission's cost model used standard facility categories, such as administrative buildings, barracks, and warehousing, and standard Tri-Service unit cost factors to estimate new construction requirements. These standard factors are the same as used by the Department of Defense for planning the military construction program. The Commission's cost model also incorporated an area cost factor to adjust the cost estimates based on regional cost differences. In addition, the cost model included the cost of planning and design. Where existing assets could be upgraded, the model assumes that rehabilitation will cost 75 percent of new construction costs. Only the minimum facilities needed were allowed. Finally, the cost model aggregates the construction needs into a single dollar figure.

Question: Does the Department of Defense believe that the model utilized by the Base Closure Commission to project costs and savings was accurate enough to project true savings of $5.6 billion over 20 years?
Answer: The Department of Defense and the General Accounting Office believe that the Commission's cost estimating model was a reasonable method for estimating closure costs and for making closure

decisions. The model does not yield budget accuracy data for a number of reasons, such as construction costs estimated using past history of costs, not on individual designs. Therefore, the $5.6 billion savings is an estimate-but a good estimate.

Question: The report by the majority clerk indicates that construction associated with closure activities at Norton Air Force Base will cost up to 50 percent more than estimated by the Commission. Does the Department agree with those findings?
Answer: No.

Question: If the estimates of construction associated with base closure are off by 50 percent nationwide, the up-front cost of construction could be over $2.7 billion, instead of $1.8 billion which has been previously projected by the Department of Defense based on the Commission's estimates. Does the Department believe the cost of construction can be kept within the $1.8 billion?
Answer: The Department believes that the total cost of construction is likely to be close to $1.8 billion, because we have confidence in the Commission's cost estimates.

Question: Would the Department support a cap on base closure construction of $1.8 billion? What level would be an appropriate cap, should the Congress decide a cap is to be placed on base closure construction?
Answer: The Department would not support a cap on construction costs. What is needed to make these closures and realignments work is maximum flexibility. However, a cap on total expenditures in practice will exist, because funding, whether appropriated or transferred into the account, is limited.

Question: Explain the process in detail which will be utilized by the Department in the approval of military construction projects and the obligation of funds for those projects to support base closure activities.
Answer: The Services are conducting site surveys and developing construction requirements right now. We anticipate we will have front page 1391 data available later this spring or early summer. We will report this data to Congress when received. Expenditures for construction will be paid out of the account with an annual report on those expenditures submitted to the Congress.

Question: Under existing law and procedures, what role would the Congress play in the process of individual project oversight?

Answer: The Base Closure and Realignment Act (P.L.100-526) requires the Department to submit an annual schedule of actions and an estimate of total expenditures required. We will provide the Congress with the best available information. At a minimum we will provide front page 1391 level data later this year. I would note that the Congress, when passing the Base Closure Act, intentionally insulated itself from the process of individual project approval in order to ensure that the Department would be able to close the bases recommended.

Question: Does the Department believe the role of the Congress under current law and procedures to be sufficient? Why?
Answer: The Congress' current role is sufficient. Complete information on expenditures will be available, and the tight budget atmosphere will provide more than enough incentive to conserve scarce government funds.

Question: Have preliminary site surveys been conducted at each impacted base closure location?
Answer: Preliminary site surveys have been conducted at many locations. More detailed site surveys will be required and are ongoing.

Question: Provide for the record a table listing the amount of construction assumed by the Base Closure Commission for each location impacted by base closure and realignment activities.
Answer: The listing is attached.

ESTIMATED BASE CLOSURE AND REALIGNMENT COSTS

	CONSTRUCTION ($M)			IMPLEMENTATION ($M)		
BASE	FY 90	FY 91	BEYOND	FY 90	FY 91	BEYOND
ARMY:						
FT DIX	160	0	30	45	32	105
FT DOUGLAS	1	0	0	5	2	5
FT SHERIDAN	2	24	0	6	18	18
PRESIDIO S.F.	108	0	0	49	3	12
FT MEADE Et Al	19	91	0	56	78	56
HAMILTON AAF	31	0	0	0	0	0
PUEBLO	10	3	0	12	12	1
UMATILLA	2	8	0	9	10	0
KAPALAMA	17	0	0	0	0	0
LEXINGTON	3	0	31	33	17	83
AMTL LAB	2	0	15	13	6	45
JEFFERSON PG	4	0	40	14	9	45
CAMERON STATION	10	97	0	1	18	10
ALL OTHER	2	0	0	0	0	4
TOTAL ARMY	371	223	116	243	205	384
NAVY:						
BROOKLYN	7	4	29	2	2	9
SAND POINT	17	8	62	1	1	3
HUNTERS POINT	42	42	0	7	7	21
LAKE CHARLES	12	2	0	0	0	0
GALVESTON	21	3	0	0	0	0
TOTAL NAVY	99	59	91	10	10	33
AIR FORCE:						
NORTON AFB	92	145	147	1	2	23
GEORGE AFB	41	36	28	7	0	36
MATHER AFB	48	74	33	5	4	21
PEASE AFB	0	0	0	30	2	2
CHANUTE AFB	80	122	0	5	9	19
TOTAL AF	261	377	208	48	17	101
GRAND TOTAL	731	659	415	301	232	518

NOTE: Costs above represent construction at receiving bases and implementation costs necessary to effect the closure or realignment of the bases above.

Question: Provide for the record a table based on the most recent site surveys of each impacted location and activity which includes total cost and individual project projection.
Answer: Information on individual project projections will not be available until later this spring or early summer. At that time we will have front page 1391 level of detail.

Question: In calculating savings from base closure activities, what estimate was utilized by the Commission of savings from the sale of land and structures at closed installations?
a. Provide that information by location.

Answer: The Commission valued property based on the estimated fair-market value of the land as raw or as undeveloped commercial, residential, or industrial property, as appropriate. Where it could be documented, the value of any existing improvement, such as a usable manufacturing plant, that would add significantly to the marketability of the property was included. The estimate above was included in the Commission's cost estimating model as a one-time savings. The estimates by location are as follows:

INSTALLATION AND/OR OPTION	STATE	LAND VALUE $M
Alabama Plant	AL	2.0
Coosa River	AL	4.0
George AFB	CA	3.0
Hamilton AFB	CA	44.0
Mather AFB	CA	47.0
Norton AFB	CA	60.0
Presidio SF	CA	555.0
Salton Test Base	CA	1.0
NG Bennett	CO	2.0
NRC Miami	FL	14.0
Cape St. George	FL	1.0
Kapalama Mil Res	HI	28.0
Chanute AFB	IL	1.0
Ft. Sheridan	IL	55.0
Ft. Des Moines	IA	2.0
Indiana Ammo	IN	*
Jefferson PG	IN	25.0
Lexington Depot	KY	6.0
AMTL Lab	MA	12.0
Ft. Meade	MD	198.0
USARC	MD	*
Nike Aberdeen	MD	*
Pontiac Storage	MI	1.0
Nike Kansas	MO	*
Pease AFB	NH	64.0
Nike Phil	NJ	1.0
Broklyn NS	NY	57.0
Tacony Warehouse	PA	3.0
Ft. Douglas	UT	6.0
Cameron Station	VA	60.0
DMA Herndon	VA	*
Sand Point NS	WA	60.0
Stand Alone Housing	(52 Sites)	$78.0

* Less than $500K in value

Question: Does the Department agree with the Commission's estimates?

Answer: Yes. The Commission obtained their property value estimates from the Army Corps of Engineers and the Naval Facilities Engineering Command, who have considerable expertise in these matters.

Question: The majority clerk's report indicates that savings at Norton Air Force Base may never be realized since local officials will seek a return of

the base at low or no cost. Does the Department feel this to be a widespread problem at closed locations?
Answer: Neither the Commission nor the Department can predict exactly what will happen when these properties become available. However, there are a lot of competing interests for these properties or parts thereof. Consequently some public discounting is likely.

Question: Did the Commission's estimates of savings include personnel?

A. How much did the Commission estimate would be saved by cutting personnel?

Answer: The Commission estimated that around 20,000 military and civilian personnel would no longer be required either at closing bases or at receiving bases. The bulk of the annual recurring savings of $700 million is in personnel.

Question: Are end strength reductions, therefore, assumed in the personnel budget of each Service?
Answer: No, the personnel budget of the Services have not been adjusted for the effects of base closures and realignments. Such adjustments, however, will be made as appropriate should reductions be possible in the FY1990/FY1991 time frame; any resulting savings would be used to help finance shortfalls in base closure requirements.

Question: The Commission did not include the cost of environmental clean-up in its estimate of costs. Yet, environmental restoration will have to be accomplished at each location on an accelerated schedule. Provide for the record a preliminary estimate of the cost of environmental restoration at each impacted location.
Answer: The need to accelerate environmental restoration activities at each location has not been determined. We will not be able to estimate the cost of environmental restoration at each impacted location until after the studies, public participation, and other requirements of National Environmental Policy Act, Superfund Amendments Reauthorization Act, and Resources Conservation Recovery Act have been addressed or completed.

Questions: What is the Homeowners Assistance Program?

A. How will the Homeowners Assistance Program be impacted by base closure activities?

B. What are the estimates for the next five years for homeowner's assistance due to base closures and realignments?

C. Will all homeowner's assistance be paid from the Base Closure Account or will the Department seek regular appropriations for base closure-related assistance? Why?

Answer: Base Closures often result in falling real estate values. The Homeowner's Assistance Program helps cushion the financial impact on military and civilian homeowners forced to sell their homes in a falling market caused by a base closure. The Department cannot estimate the five-year costs for this program as individual appraisals must be accomplished at each site. We estimate we will need $5 million in FY 1989 for homeowners assistance and have asked for transfer authority in FY 1989 for this and other purposes. The Base Closure Account can fund homeowners assistance.

Question: Describe the transfer authority being sought by the Department to initiate base closure activities.

A. Why is the authority needed?

B. Provide by service, the amounts which would be transferred to the base closure account, including a listing of specific projects or activities from which budget authority would be derived by transfer.

Answer: The Department has requested $500 million in both FY 1990 and FY 1991 to capitalize the Base Closure Account. With this appropriation and with transfer authority, the Department is confident it can execute all the required actions in the time specified by law. Transfer authority is needed because the $1 billion is not going to be enough to cover all costs. We cannot predict at this time the amounts needed nor the specific activities from which budget authority would be derived by transfer. The Department will report to the Congress the specific actions as they occur. We have a pressing need for this authority now. We need to start now designing facilities and the transfer authority would provide a means to obtain the needed funds.

McKinney Act

Question: What is the McKinney Act?

Answer: The Stewart B. McKinney Homeless Assistance Act (PL 100-77) provides urgently needed assistance to the homeless. The Act ensures that the Federal Government, directly and through cooperative efforts with State and local governments and the private sector, addresses effectively the plight of those who do not have shelter. The Act creates a number of new programs to be administered by HUD, HHS and GSA and establishes an Interagency Council on the Homeless with Cabinet level representation.

Question: How does the McKinney Act impact on base closure activities?
Answer: Title V, "Identification and Use of Surplus Federal Property," requires DoD to identify all buildings and properties that are unutilized or underutilized and report those findings to HUD. Excess land and buildings resulting from base closures would qualify. HUD reviews each site for suitability and, if found so, announces the site's availability in the Federal Register. Interested parties may then make application to use the proposed sites for the purpose of assisting the homeless. If both the applicant(s) and the site(s) are found to be acceptable then DoD would be required to lease the site to the applicant for a period of not less than one year. It is conceivable that several buildings and/or sites, on a base designated for closure, would have to be leased to homeless providers in lieu of being sold. The amount of land available for sale as a result of base closures depends on the shelter provider's demand for DoD facilities and the location of those facilities on the base.

Question: Does the Department seek relief from the McKinney Act as it could apply to base closures?
Answer: The Department is committed to meeting its McKinney Act obligations and seeks no legislative relief. We believe that by working closely with the impacted communities during the economic adjustment process, suitable sites for homeless providers can be identified that will not significantly impact the sale of excess land.

Family Housing Overseas

Question: Provide for the record a list of the family housing projects requested for construction overseas in fiscal year 1990.
Answer: The following FY 1990 family housing projects are requested for construction overseas:

Location	Project	($000)
Naval Air Station Keflavik, Iceland	112 Fam Hsg Units	$ 23,213
Navy Public Works Center Subic Bay, Philippines	216 Fam Hsg Units	19,000
Ramstein Air Base Germany	200 Fam Hsg Units	20,660

Osan Air Base Korea	1 Fam Hsg Unit	117
Clark Air Base Philippines	450 Fam Hsg Units	37,049
National Security Agency/Overseas	3 Classified Projects	400
TOTAL	979 Fam Hsg Units 3 Classified Projects	$100,439

Question: Provide for the record, by service, country, and installation, the cost of family housing operations and maintenance at overseas locations for the most current year such information is available.

Answer: (The information follows):

Fiscal Year 1988

Army

Germany

Installation	Cost ($000)
Zweibruecken	$ 3,475.9
Pirmasens	5,348.3
Mannheim	14,356.9
Norddeutschland	6,585.0
Worms	4,256.6
Karlsruhe	9,779.6
Rheinberg	822.9
21st TAACOM-Hsg	1,342.7
Heidelberg	14,855.8
Baumholder	10,993.7
Bad Kreuznach	6,602.5
Frankfurt	20,838.7
Hanau	15,532.5
Darmstadt	12,377.9
Giessen	12,736.8
Fulda	3,182.3
Wildflecken	3,555.3
Wiesbaden	16,977.4
Mainz	10,126.4
V Corps-Hsg	3,591.8
Grafenwoehr	2,846.7
Regensburgf	545.6
Hohenfels	1,283.7
Bayreuth-Bindlach	1,144.6
Amberg	1,067.1
Vilseck	2,131.5
7th ATC-Hsg	478.2
Ansbach	12,365.1
Aschaffenburg	4,710.4

Augsburg	12,676.7
Bad Toelz	2,491.0
Bamberg	6,660.0
Goeppingen	6,303.7
Heilbronn	8,524.8
Muenchen	12,542.9
Neu-Ulm	7,033.3
Nuernberg	21,481.1
Schwinfurt	8,757.2
Stuttgart	24,278.9
Wuerzburg	12,488.0
VII Corps-Hsg	1,707.5
CSSD, Giessen	39,622.3

Italy

Installation	Cost ($000)
Vicenza	2,939.5
Rome	53.0
Livorno	157.3

Turkey

Turkey Hsg	164.0

Belgium

Belgium Hsg	907.0

The Netherlands

Netherlands	444.1

United Kingdom

United Kingdom Hsg	306.3

Korea

Yongsdan	3,263.8
Pusan	710.9
Tagu	1,121.0

Japan

Camp Zama	11,030.0

Panama

41st Area Spt Gp	20,801.7
TOTAL	410,377.9

Navy

Australia

NCS H.E. Holt	1,413.0

British West Indies

NSF Antigua	214.1
NAS Bermuda	2,891.8

Installation	Cuba	Cost ($000)
NS Guantanamo Bay		8,398.6
	Egypt	
NAMRU-3 Cairo		25.0
	Guam	
PWC Guam		28,698.0
	Iceland	
NAS Keflavik		7,291.4
	Italy	
NSO La Maddalena		439.0
NSA Naples		1,358.0
NAS Sigonella		1,332.3
	Japan	
NAF Atsugi		4,299.0
NCS Japan		836.0
CFA Sasebo		3,549.0
PWC Yokosuka		15,910.0
	Korea	
CFA Chinhae		275.0
	Newfoundland	
NF Argentia		728.3
	Panama	
NS Panama Canal		707.4
	Peru	
NAMRU DET Lima		2.0
	Philippines	
PWC Subic Bay		12,095.0
	Portugal	
IBERIANCMDLANT Lisbon		.5

Installation	Scotland	Cost ($000)
NSGA Edzell		1,176.2
NSA Holy Loch		219.3
	Spain	
NS Rota		3,890.1

	United Kingdom	
NAVFAC Brawdy		5.0
NAVACTS London		911.6
NCS Thurso		115.0
TOTAL		96,780.6
Air Force		
	Australia	
Woomera AS		3,032.0
	Azores	
Lajes AB		1,978.0
	Belgium	
Florennes AB		255.0
	France	
Paris		9.0
	Germany	
Bitburg AB		6,536.0
Hahn AB		4,731.0
Ramstein AB		34,107.0
Rhein-Main AB		9,170.0
Sembach AB		4,627.0
Spangdahlem AB		3,908.0
Zweibrucken AB		5,502.0
	Greece	
Hellenikon AB		469.0
Iraklion AB		1,294.0
	Italy	
Installation		Cost ($000)
Aviano AB		1,656.0
Comiso AB		510.0
San Vito AB		1,352.0
	Japan	
Kadena AB		58,442.0
Misawa AB		15,642.0
Yokota AB		18,388.0
	Korea	
Osan AB		2,604.0
	Netherlands	
Soesterberg AB		1,013.0
Woensdrecht AB		1,148.0
	Panama	
Howard AB (Albrook)		6,192.0

Philippines	
Clark AB	11,631.0
Spain	
Moron AB	362.0
Torrejon AB	1,346.0
Zaragoza AB	1,538.0
Turkey	
Ankara AS	1,482.0
Incirlik AB	6,034.0
Izmir AS	324.0
United Kingdom	
RAF Alconbury	4,791.0
RAF Bentwaters	4,255.0
RAF Chicksands	1,864.0
RAF Fairford	3,940.0
RAF Greenham Common	2,709.0
RAF High Wycombe	1,490.0
RAF Lakenheath	4,586.0
RAF Mildenhall	1,197.0
RAF Upper Heyford	4,598.0
RAF Wethersfield	855.0
TOTAL	235,567.0
Marine Corps	
Japan	
MCAS, Iwakuni	3,273.8
GRAND TOTAL	745,999.3

Question: Recent articles have indicated that the services are considering reducing the time for rotating some units and personnel to overseas locations. Specifically, what is being planned to reduce overseas rotations?
Answer: DoD does not plan to shorten the duration of accompanied tours overseas, which would increase rotations; nor do we plan to lengthen these tours in order to reduce rotations.

Question: How will reducing overseas rotations impact on family housing operations?
Answer: A reduction in overseas rotations would have little effect on family housing operations. It might result in a slight reduction in referral services and make-ready time. However, as noted above, we do not plan to reduce overseas rotations.

ACCOMPANIED TOURS

Question: What is the policy of the Department with regard to accompanied tours in each of the following locations: Panama, the Philippines, Korea?

Answer: Any military member assigned to Panama may elect to serve the accompanied tour. At this time, however, the Commander in Chief, U.S. Southern Command, is not approving the actual transportation of family members to Panama unless on-post family quarters are available for them. Any member assigned to the Philippines may elect the accompanied tour, except at Gosar City and Wallace Air Station, where an accompanied tour is not authorized. Local commanders have the authority to delay the actual movement of family members until Government family quarters are available, or until the member secures adequate off-post housing. Accompanied tours are not authorized in Korea except in places where family support facilities and services are available. At such locations, only the members assigned to specific billets, as determined by Headquarters, U.S. Forces Korea, are authorized to serve accompanied. Of the more than 40,000 personnel assigned in Korea, only about 3500 are serving authorized accompanied tours.

Question: Are the Services or the Department considering a change to the accompanied tour policy for any of these countries?

Answer: We currently have no plans to change the accompanied tour policy for any of these countries.

Biennial Budgeting

Question. The previous Administration submitted a two-year budget request for Military Construction. Does the new Administration plan to resubmit a two-year request for Military Construction?

Answer. There is a statutory requirement to develop and submit a two-year Defense budget. Since Military Construction, to a large extent, is driven by defense requirements such as weapon system deployments, bed-downs, etc., the two requests should be developed in concert. Therefore, the Department intends to submit a two-year amended MilCon budget consistent with and supportive of the two-year Defense budget.

Question. When the previous Administration submitted the first two-year budget for Military Construction for FY 1988 and 1989, it was determined that ninety-two percent of the projects originally requested for the second year included erroneous estimates. Only eight percent of the projects in the original second-year request represented valid estimates. If the new Administration is planning to resubmit a two-year request for Military Construction, what guarantees can be given to the Congress that the estimates for the second year are valid?

Answer. The turbulence in the FY 1989 budget was primarily attributable to the budget summit agreement. We do not anticipate the same amount of project realignments in future budget submissions.

Question. If the Congress had approved appropriations for FY 1989 Military Construction projects in 1987, as had been requested by the previous Administration, it would have been necessary for the Department and the Congress to act on subsequent reprogramings for more than 1,100 projects. Does the Department believe that reprogramings of this magnitude impede or enhance the oversight of Military Construction expenditures?

Answer. Reprogramings enhance oversight; however, they slow budget execution. To this end, the Department has been trying to get the appropriation committees to relax the reprograming thresholds. With regard to the number of projects that would have required reprograming, the Department only had 1,051 Military Construction projects in FY 1989 and a large number of these projects remained unchanged from the original submission.

Contract Cleaning

Question: Why hasn't the Department issued new guidelines implementing the cost caps mandated by the Congress for contract cleaning?
Answer: Guidelines for program implementation were issued to the Services in August 1987. Under these guidelines, the Services reported an average cost of $203 per unit for cleaning quarters during FY 1988. This figure is well within the average cost directed by the Congress for FY 1989.

Question: How is the Department monitoring contract cleaning to insure compliance with the cap?
Answer: The Department has directed the Services to monitor program progress and make necessary adjustments. Based on FY 1988 program implementation reports, and on reports of cleaning contracts in-place for FY 1989, the average cleaning cost per unit is within the cap mandated by Congress.

Question: Provide for the record a list of contracts under this program indicating the amount of the contract and the number of units covered by the contract.
Answer: Further information follows (see attached lists).

DEPARTMENT OF THE ARMY
FAMILY HOUSING CLEANING CONTRACTS

INSTALLATION	CONTRACT	EST'D UNITS TO BE CLEANED	CONTRACT COST	AVG COST PER UNIT
HSC				
Ft Detrick	Individual	60	7,000	116
Fitzsimmons	Delivery Ordered	130	27,000	207
Walter Reed	Individual	74	17,538	234
TRADOC				
Ft Benning	Individual	2,000	396,000	198
Ft Bliss	Requirements	1,830	190,320	104
Carlisle Bks	Requirements	234	41,418	177
Ft Dix-Ft Hamilton	Individual	1,019	183,420	180
Ft Eustis	Requirements	301	54,782	181
Ft Gordon	Requirements	4,440	82,280	187
Ft Ben Harrison	Requirements	123	23,001	187
Ft Jackson	Requirements	505	110,595	219
Ft Knox	Individual	1,200	128,400	107
Ft Leavenworth	Requirements	720	396,720	531
Ft Lee	WAE	468	126,360	270
Ft McClellan	Requirements	244	72,224	296
Ft Monroe	Individual	75	27,600	368
Ft Rucker	WAE	720	77,040	107
Ft Sill	WAE	780	95,160	122
Ft Leonard Wood	Requirements	463	112,972	244
USAREUR/39 Major Communities, Detail to Follow				
V Corps	Small Purch. Del. Ord.	9,311	2,492,000	268
VII Corps	Small Purch. Del. Ord.	10,586	2,261,185	214
21st TAACOM	Small Purch. Del. Ord.	4,320	1,397,415	323
7 ATC	Small Purch. Del. Ord.	1,071	200,000	187
26th Support Group	Small Purch. Del. Ord.	1,198	214,400	179
SETAF	Small Purch. Del. Ord.	308	73,000	237
ISC				
Ft Huachuca	Requirements	1,002	188,376	188
Ft Ritchie	Requirements	147	24,025	162
MTMC				
MOTBY	General Cleaning	60	16,600	276
MOTSU	General Cleaning	2	400	200
USARJ				
Camp Zama	Requirements	337	137,300	407
EUSA				
Seoul	Requirements	744	53,021	71
Taegu	Requirements	182	20,817	114
Pusan	Requirements	66	5,957	90
USMA				
West Point	Requirements	444	70,948	159
FORSCOM				
Alaska	Requirements	1,200	525,000	437
Bragg	Requirements	2,084	357,481	172
Campbell	Requirements	1,837	159,552	87
Devens	Requirements	600	180,000	300
Drum (Jan-Sep 89)	Requirements	790	158,660	201
Hood	Requirements	2,500	420,000	168
Irwin	Requirements	560	105,365	188
Lewis	Requirements	1,700	304,300	179
McCoy	Requirements	57	8,000	140
McPherson	Requirements	60	9,500	158
Buchanan	Requirements	114	22,000	193
Meade	Indiv & Req	2,000	268,000	134
Ord	Del Order	1,776	378,000	213
Polk	Requirements	1,700	272,000	160
Presidio of S.F.	Individual	515	245,000	476
Sam Houston	Individual	496	150,000	302
Sheridan	Requirements	216	51,840	240

DEPARTMENT OF THE ARMY
FAMILY HOUSING CLEANING CONTRACTS

INSTALLATION	CONTRACT	EST'D UNITS TO BE CLEANED	CONTRACT COST	AVG COST PER UNIT
Stewart	Requirements	1,080	118,000	109
unter AAF	Requirements	220	21,000	95
USARSO				
Panama	Requirements	3,119	158,000	51
MDW				
Ft Myer	Requirements	100	35,000	350
Ft Belvoir	Requirements	900	193,000	214
AMC				
Cornhusker AAP	Add-On Base Cont	8	2,000	250
Hawthorne AAP	Ind Service Cont	2	1,444	722
Indiana AAP	Requirements	19	16,750	882
Iowa AAP	Requirements	2	500	250
Joilet AAP	Requirements	10	2,123	212
Lake City AAP	Requirements	3	720	240
Louisiana AAP	Requirements	4	900	225
McAlester AAP	Requirements	10	2,650	265
Milan AAP	Requirements	8	2,650	331
Picatinny ARS	Requirements	31	13,630	440
Pine Bluff ARS	Requirements	22	4,925	224
Radford AAP	Requirements	5	2,650	501
Ravanna AAP	Requirements	5	2,250	450
Rock Island ARS	Requirements	22	6,694	304
Twin Cities AAP	Requirements	4	1,560	390
Watervliet ARS	Requirements	15	7,690	513
Ft Monmouth	Cost Plus	360	131,294	349
Vint Hill Farms	Fixed Price	105	41,000	390
Charles Melvin Price Support Center	Fixed Price	75	18,800	250
Natick Labs	Fixed Price	25	9,500	380
Redstone Ars	Cleaning Teams as Req.	500	105,000	210
Selfridge	Requirements	289	111,000	384
Aberdeen PG	IndBid-No Contract	500	132,500	265
Dugway PG	Requirements	246	53,000	216
Jefferson PG	Fixed Price	3	660	220
White Sands	Small Purchase	159	35,723	220
Yuma PG	Fixed Price	120	28,200	235
Anniston AD	No Requirement in FY 89			
Ft Wingate DA	Requirements	1	200	200
Letterlenny AD	Fixed Price	18	5,414	301
Lexington BGAD	Bid Each Time	3	600	200
Navajo DA	Negative-No Requirement Units No Longer FH			
New Cumberland	Requirements	32	6,276	199
Pueblo AD	Requirements	18	3,600	200
Red River AD	Fixed Price	10	3,775	378
Sacramento AD	No Requirements for FY 89			
Savanna AD	Fixed Price	2	1,000	500
Seneca AD	Requirements	90	24,000	267
Sharpe AD	Blanket Purchase	11	2,500	228
Sierra AD	Requirementss	70	17,500	250
Tobyhanna AD	Fixed Price	3	2,750	250
Tooele AD	Fixed Price	3	1,800	600
Umatilla AD	Requirements	10	2,000	116
WESTCOM				
Pearl Harbor	Requirements	2,637	698,805	265
Ft Shafter	Requirements	1,344	268,800	200
Schofield Bks	Requirements	1,908	365,810	192
Hickman AFB	Requirements	1,126	242,090	215
Kaneohe	Requirements	860	149,720	175

FY-1989 NAVY
FAMILY HOUSING CLEANING CONTRACTS

1. The following activities have implemented quarters cleaning as listed below:

INSTALLATION	CONTRACT (TYPE)	ESTIMATED # UNITS TO BE CLEANED	($000) CONTRACT COST	($) AVG COST PER UNIT
PWC GUAM	CONTRACT N62766-86-C-2298	1,700	263.5	155
PWC SUBIC BAY	STATION FORCES	800	17.0	21
PWC YOKOSUKA	CONTRACT N62836-88-D-0121	152	24.0	157
PWC YOKOSUKA	CONTRACT N62836-88-D-0122	50	8.0	160
NAF ATSUGI	STATION FORCES	62	7.0	112
COMFLEACT SASEBO	STATION FORCES	45	9.0	200
NAVCOMMSTA H E HOLT	CONTRACT 88-C-4019	60	12.0	200
NAVCOMMSTA JAPAN	STATION FORCES	39	2.0	51
PACMISRANFAC	CONTRACT N000/9-88-A-0264	15	1.2	80
COMFLEACT CHINHAE	STATION FORCES	15	1.5	100
NAVSTA MAYPORT	CONTRACT N62467-89-M-3481	130	19.5	150
NCSC PANAMA CITY	CONTRACT N62467-85-B-3432	35	1.3	37
NSF ANTIGUA	STATION FORCES	6	.7	116
NAS BERMUDA	MSC	100	20.0	200
CHEATHAM ANNEX	CONTRACT	6	.5	83
FCTC DAM NECK	INFORMAL CONTRACT	6	1.2	200
NSGA EDZELL	LABORER	56	6.0	107
NS GUANTANAMO BAY	SERVICE CONTRACT	275	61.2	222
NAVSUPACT HOLY LOCH	CONTRACT	126	12.6	100
NSO LA MADDALENA	CONTRACT	200	11.7	58
NAVACTS LONDON	CONTRACT	25	3.6	144
NSA NAPLES	CONTRACT	100	10.0	100
NORTHWEST	BOSS CONTRACT N62470-83B-6027	30	2.2	73
NSY NORFOLK	MSC	120	8.7	72
NS PANAMA CANAL	CONTRACT N62470-89B-4496	52	7.5	144
NS ROTA	CONTRACT	300	45.6	152
NAS SIGONELLA	CONTRACT	90	20.0	222
NRS SUGAR GROVE	CONTRACT	10	1.5	150
NCS THURSO	PURCHASE ORDER	18	1.5	83
NH PHILADELPHIA	CONTRACT 86-D-0803	2	.2	100
NS PHILADELPHIA	CONTRACT 87-D-4423	48	13.4	279
NS PHILADELPHIA	CONTRACT 86-D-4432	8	1.7	212
NOS INDIAN HEAD	CONTRACT 86-C-3601	28	4.0	142
NSY PORTSMOUTH	MATERIAL REQUISITIONS (CLEANING SUPPLIES)	212	3.8	17
NWS EARLE	MSC CONTRACT 87-B-3914	65	1.0	15
NAF INDIANAPOLIS	JANITORIAL CONTRACT 85-D-0758	5	.2	40
SUBASE NEW LONDON	CONTRACT 86-D-3309; EXECUTE 5/89	500	43.0	86
NAS PATUXENT RIVER	SMALL PURCHASE CONTRACTS	70	14.1	201
USNA ANNAPOLIS	STATION FORCES	413	6.9	16
NRTF ANNAPOLIS	STATION FORCES	21	.2	9
SPCC MECHANICSBURG	STATION FORCES	92	.8	8
TOTAL		6,087	669.8	110

2. SOUTHNAVFACENGCOM plans on providing the following funds to their activities in the third quarter of FY-89 to be used as follows:

INSTALLATION	CONTRACT (TYPE)	ESTIMATED # UNITS TO BE CLEANED	($000) CONTRACT COST	($) AVG COST PER UNIT
NSCS ATHENS	NOT IDENTIFIED	21	3.1	147
NAVHOSP BEAUFORT	NOT IDENTIFIED	17	1.9	111
NAS CECIL FIELD	NOT IDENTIFIED	24	1.6	66
WPNSTA CHARLESTON	NOT IDENTIFIED	76	8.9	117
NAS CORPUS CHRISTI	NOT IDENTIFIED	95	7.6	80
NAS DALLAS	STATION FORCES	4	.5	125
CBC GULFPORT	NOT IDENTIFIED	32	2.4	75
NAS JACKSONVILLE	NOT IDENTIFIED	85	10.7	125
SUBASE KINGS BAY	NOT IDENTIFIED	167	20.0	119

INSTALLATION	CONTRACT (TYPE)	ESTIMATED # UNITS TO BE CLEANED	($000) CONTRACT COST	($) AVG COST PER UNIT
NAS KINGSVILLE	NOT IDENTIFIED	75	12.0	160
NAVSTA MAYPORT	NOT IDENTIFIED	260	50.0	192
NAS NEW ORLEANS	STATION FORCES	33	1.7	51
NAVSUPPACT NOLA	NOT IDENTIFIED	85	4.3	50
NTC ORLANDO	NOT IDENTIFIED	320	11.7	36
PWC PENSACOLA	NOT IDENTIFIED	NA	1.0	NA
TOTAL		1,294	137.4	106

3. The following NORTHDIV activities have been allocated funds as listed. They do not have any contracts at the present time. However, they plan to use the funds as follows:

INSTALLATION	CONTRACT (TYPE)	ESTIMATED # UNITS TO BE CLEANED	($000) CONTRACT COST	($) AVG COST PER UNIT
NAS BRUNSWICK	CONTRACT	95	12.4	130
NCU CUTLER	CONTRACT; POSSIBLE RECAPTURE OF FUNDS	8	1.0	125
NCBC DAVISVILLE	CONTRACT (SMALL INFORMALS)	3	.2	66
NSWC DAHLGREN	CONTRACT	9	2.6	288
NSF THURMONT	STATION FORCES	20	.3	15
ASO PHILADELPHIA	CONTRACT	1	.2	200
NAS WILLOW GROVE	STATION FORCES	1	.2	200
NCU WASHINGTON	SMALL INFORMALS	39	.6	15
NRL WASHINGTON	SMALL INFORMALS	24	.4	16
NSWC CRANE	NO DECISION ON FUNDING TO DATE	31	.5	16
NAS GLENVIEW	NO DECISION ON FUNDING TO DATE	39	.8	20
NAU SCOTIA	PROBABLY WILL NOT IMPLEMENT UNLESS ADDITIONAL FUNDS PROVIDED	100	1.8	18
NETC NEWPORT	CONTRACT/STATION FORCES	550	23.9	43
NAS S. WEYMOUTH	CONTRACT	20	4.4	220
NSGA W. HARBOR	CONTRACT	20	2.0	100
TOTAL		960	51.3	53

LISTING OF AIR FORCE INSTALLATIONS PROVIDING CONTRACT CLEANING INFORMATION BY MAJOR COMMAND (MAJCOM)

MAJCOM/INSTALLATION	CONTRACT TYPE	EST'D UNITS TO BE CLEANED	($000) CONTRACT COST	($000) AVG COST PER UNIT
Alaskan Air Command				
Elmendorf AFB, AK	FFP	567	99,700	176.00
Eielson AFB, AK	FFP	357	103,300	289.36
Air Force District of Washington				
Bolling AFB, DC	BPA	500	111,000	222.00
Air Force Logistics Command				
Hill AFB, UT	BPA	479	124,500	237.00
Kelly AFB, TX	HMC	206	51,582	250.00
McClellan AFB, CA	Req Type	301	117,000	342.00
Robins AFB, GA	BPA	450	60,600	100.00
Tinker AFB, OK	Req Type	327	48,069	147.00
Wright-Patterson, OH	Req Type	980	300,852	312.00
Air Force Reserve				
Dobbins AFB, GA	BPA	2	400.00	200.00

MAJCOM/INSTALLATION	CONTRACT TYPE	EST'D UNITS TO BE CLEANED	($000) CONTRACT COST	($000) AVG COST PER UNIT
Air Force Systems Command				
Arnold AFB, TN	FPLE	33	13,200	400.00
Brooks AFB, TX	BPA	63	9,000	142.86
Edwards AFB, CA	FPLE	697	230,000	329.98
Eglin AFB, FL	BPA	1083	157,400	145.00
Hanscom AFB, MA	BPA	323	93,000	287.92
Los Angeles AFB, CA	BPA	171	42,750	250.00
Patrick AFB, FL	BPA	550	52,300	95.09
Air Training Command				
Chanute AFB, IL	HMC	679	129,000	190.00
Columbus AFB, MS	BPA	439	51,800	135.00
Goodfellow AFB, TX	HMC	126	16,000	127.00
Keesler AFB, MS	BPA	973	120,000	180.00
Lackland AFB, TX	BPA	320	40,000	95.00
Laughlin AFB, TX	BPA	360	69,000	192.00
Lowry AFB, CO	HMC	563	70,000	135.00
Mather AFB, CA	HMC	640	70,000	109.00
Randolph AFB, TX	BPA	520	47,000	130.00
Reese AFB, TX	In-House	92	17,200	198.00
Sheppard AFB, TX	In-House	465	62,000	133.00
Vance AFB, OK	BPA	113	19,000	168.00
Williams AFB, AZ	HMC	246	40,000	106.00
Strategic Air Command				
Andersen AFB, Guam	BPA	671	139,838	208.00
Barksdale AFB, LA	HMC	400	48,000	120.00
Beale AFB, CA	BPA	500	72,500	145.00
Carswell AFB, TX	BPA	154	24,640	160.00
Castle AFB, CA	BPA	339	61,020	180.00
Dyess AFB, TX	BPA	221	38,000	172.00
Eaker AFB, AR	HMC	298	43,247	145.00
Ellsworth AFB, SD	BPA	800	160,000	200.00
Fairchild AFB, WA	BPA	400	54,000	135.00
F.E. Warren AFB, WY	BPA	435	77,269	177.00
Grand Forks AFB, ND	HMC	807	181,540	225.00
Griffiss AFB, NY	HMC	230	21,250	85.00
Grissom AFB, IN	HMC	421	97,850	230.00
K.I. Sawyer AFB, MI	BPA	575	90,275	157.00
Loring AFB, ME	BPA	838	91,705	110.00
Malmstrom AFB, MT	HMC	569	119,055	209.00
March AFB, CA	HMC	309	77,750	250.00
March AFB, CA (801)	BPA	33	4,000	120.00
McConnell AFB, KS	BPA	206	55,540	270.00
Minot AFB, ND	HMC	912	185,800	204.00
Offutt AFB, NE	BPA	937	177,594	190.00
Pease AFB, NH	HMC	532	149,500	281.00
Plattsburgh AFB, NY	BPA	610	90,000	148.00
Vandenberg AFB, CA	BPA	600	74,100	124.00
Whiteman AFB, MO	HMC	446	122,063	275.00
Wurtsmith AFB, MI	BPA	490	56,500	115.00
Belle Fourche AFS, SD	BPA	12	2,400	200.00
Conrad AFS, MT	BPA	7	1,785	255.00
Forsyth AFS, MT	HMC	10	2,250	225.00
Griffiss Annex, NY	BPA	107	19,988	187.00
Hasting AFS, NE	BPA	8	2,216	277.00
Havre AFS, MT	BPA	5	1,125	225.00
Powell AFS, WY	HMC	9	2,475	275.00

MAJCOM/INSTALLATION	CONTRACT TYPE	EST'D UNITS TO BE CLEANED	($000) CONTRACT COST	($000) AVG COST PER UNIT
Air University				
Maxwell AFB, AL	BPA	480	60,000	125.00
Military Airlift Command				
Altus AFB, OK	BPA	280	39,200	140.00
Andrews AFB, MD	BPA	700	242,200	346.00
Charleston AFB, SC	BPA	300	45,000	150.00
Dover AFB, DE	BPA	456	124,944	274.00
Hurlburt Field, FL	BPA	167	20,040	120.00
Kirtland AFB, NM	BPA	680	91,800	135.00
Lajes Field, Portugal	BPA	272	24,208	89.00
Little Rock AFB, AR	BPA	727	79,970	110.00
McChord AFB, WA	BPA	411	73,980	180.00
McGuire AFB, NJ	Req Type	471	70,179	149.00
Norton AFB, CA	BPA	120	23,400	195.00
Pope AFB, NC	BPA	175	18,375	105.00
Rhein-Main AB, GE	BPA	416	86,944	209.00
Scott AFB, IL	BPA	621	90,045	145.00
Travis AFB, CA	BPA	653	123,417	189.00
Pacific Air Forces				
Yokota AB, Japan	BPA	111	25,400	228.82
Yokota AB, Japan	Req Type	662	254,200	383.90
Osan AB, Korea	Req Type	122	10,900	89.34
Kadena AB, Japan	Req Type	1998	334,400	167.37
Misawa AB, Japan	Req Type	719	158,200	220.00
Clark AB, Philippines	BPA	1020	31,600	30.98
Space Command				
Woomera AS, Australia	BPA	50	12,000	240.00
Cavalier AFS, ND	BPA	3	1,000	325.00
Peterson AFB, CO	BPA	461	16,000	165.00
Tactical Air Command				
Bangor ANGB, ME	BPA	70	10,000	143.00
Bergstrom AFB, TX	BPA	260	25,500	98.00
Cannon AFB, NM	BPA	419	106,800	255.00
Davis-Monthan AFB, AZ	BPA	513	67,600	132.00
England AFB, LA	BPA	206	44,700	217.00
George AFB, CA	BPA	727	132,300	182.00
Holloman AFB, NM	In-House	694	90,200	130.00
Homestead AFB, FL	BPA	670	157,500	235.00
Howard AFB, Panama	BPA	532	45,300	85.00
Langley AFB, VA	BPA	619	153,600	248.00
Luke AFB, AZ	BPA	356	40,200	113.00
MacDill AFB, FL	BPA	377	70,000	186.00
Moody AFB, GA	BPA	119	16,800	141.00
Mt Home AFB, ID	BPA	573	132,500	231.00
Myrtle Beach AFB, SC	BPA	281	27,500	98.00
Nellis AFB, NV	BPA	610	104,200	171.00
Seymour-Johnson, NC	BPA	625	138,800	222.00
Shaw AFB, NC	BPA	653	172,400	264.00
Tyndall AFB, FL	BPA	432	63,100	146.06
United States Air Force Academy				
Air Force Academy, CO	BPA	265	49,000	185.00

MAJCOM/INSTALLATION	CONTRACT TYPE	EST'D UNITS TO BE CLEANED	($000) CONTRACT COST	($000) AVG COST PER UNIT
United States Air Forces in Europe				
Bitburg AB, Germany	BPA	474	89,600	189.00
Hahn AB, Germany	Req Type	414	74,500	180.00
Hesshsch-Oldendorf AB, Germany	Req Type	37	7,200	195.00
Pruem AS, Germany	BPA	82	18,200	222.00
Ramstein AB, Germany	Req Type	1962	363,000	185.00
Spangdahlem AB, Germany	Req Type	490	108,900	222.25
Zweibrucken AB, Germany	Req Type	225	47,800	213.00
Iraklion AS, Greece	Req Type	100	16,500	165.00
Comiso AS, Italy	Req Type	228	29,500	129.00
Mt Virgine AS, Italy	SC	13	1,900	140.54
San Vito AS, Italy	BPA	109	25,300	233.00
Soesterberg AB, The Netherlands	BPA	100	19,400	194.00
Moron AB, Spain	BPA	13	2,500	181.69
Torrejon AB, Spain	Req Type	280	57,100	204.00
Zaragoza AB, Spain	Req type	79	25,200	318.00
Ankara AB, Turkey	BPA	85	10,300	121.00
Incirlik AB, Turkey	BPA	450	31,500	70.00
RAF Alconbury England	BPA	510	53,600	105.00
RAF Bentwaters, England	BPA	450	64,000	142.00
RAF Chicksands, England	Req Type	162	20,300	125.14
RAF Fairford, England	HMC	265	53,400	203.40
RAF Greenham Common, England	Req type	223	49,900	224.00
RAF High Wycombe, England	BPA	50	12,500	250.00
RAF Lakenheath, England	BPA	299	42,400	142.00
RAF Lakenheath, England	BPA	400	55,400	138.00
RAF Upper Heyford, England	Req Type	419	127,600	202.00
RAF Wethersfield, England	BPA	75	7,300	97.00

DEFINITION OF TERMS

BPA - Blanket Purchase Agreement

HMC - Housing Maintenance Contract

Req Type - Requirements Type Contract

FPLE - Fixed Price Level of Effort

FFP - Firm Fixed Price

In-House - Accomplished by Temporary Overhire

FY89 MARINE CORPS
FAMILY HOUSING CLEANING CONTRACTS

The data has been analyzed and the following comments are provided:

a. The contracts for MCLB Albany, GA, MCAGCC Twentynine Palms, CA and MCRD Paris Island, SC are part of their maintenance service contracts.

b. MCLB Barstow, in an effort to reduce costs, was able to delete window cleaning from the contract which saved a considerable amount per unit.

c. The costs for these services are subject to availability of labor at the installations (remote sites may have more trouble getting contractors to bid). Other local factors such as the local labor rates directly impact the costs variances between locations.

The ability to reduce contract costs by including the service in the maintenance service contracts is being examined for wider application within the Marine Corps. This may not be appropriate for all locations. Other means to reduce costs will be explored.

INSTALLATION	CONTRACT TYPE	ESTIMATED # UNITS	ESTIMATED COST	AVERAGE PER UNIT
ALBANY	INDEFINITE QUANTITY	250	$26,250	$105
TWENTYNINE PALMS	FIRM FIXED PRICE	850	$75,000	$ 88
PARRIS ISLAND	INDEFINITE QUANTITY	60	$13,725	$229
BARSTOW	INDEFINITE QUANTITY	186	$17,000	$ 75
KANSAS CITY	EACH UNIT INDIVIDUAL	100	$25,000	$250
YUMA	INDEFINITE QUANTITY	491	$83,900	$200
IWAKUNI	OPEN END	162	$56,700	$350
BEAUFORT	FIRM FIXED PRICE	185	$41,875	$226
(ESTIMATES ONLY, CONTRACT NOT YET AWARDED)				
	TOTALS	2,284	$339,450	$149

Following is a letter received by the Subcommittee from the Department of Defense concerning the practice of contract cleaning.

30 JAN 1989

Honorable Jim Sasser
Chairman, Subcommittee on
Military Construction
Committee on Appropriations
United States Senate
Washington, DC 20510-6025

Dear Mr. Chairman:

The Fiscal Year (FY) 1989 Military Construction Appropriation Act limits obligation of family housing operations and maintenance funds for contract cleaning of family housing units to $30 million. Conference Report #100-912 establishes an average cost of $200 to $220 per household move and directs the Department to issue guidelines consistent with such average threshold costs; enforce a policy that requires families who are moving out of government quarters to clean them to standards common in the private rental market; and report by January 30, 1989, on what corrective steps have been taken. This letter constitutes that report.

The revised *DoD Housing Management Manual*, DoD 4165.63-M, was distributed to the Services in September 1988. It includes criteria that align cleaning standards for residents of government quarters to those of the private rental market. Service implementing instructions enforce this policy.

Guidelines for program implementation were issued to the Services in August 1987. Under these guidelines, the Services reported an average cost of $203 per unit for cleaning quarters during FY 1988. This figure is well within the average cost directed by the Congress for FY 1989.

Service implementation reports substantiate the fact that contract cleaning is an important quality of life issue for our service members and their families. However, the limitation on obligations for FY 1989 will not permit full implementation of this initiative. During FY 1988, more than 186,300 service members moved out of government quarters. Therefore, to permit full implementation of the program consistent with the FY 1988 experience would require authority to obligate $38 million in family housing operations and maintenance funds.

Sincerely,

Bob Stone

Robert A. Stone
Deputy Assistant Secretary of Defense
(Installations)

BASE RIGHTS

Question: Provide for the record a detailed discussion of the status of base rights negotiations in the following countries: Spain, Greece, and the Philippines.

Following is a letter to the Subcommittee from the Department concerning the status of base rights negotiations in the Philippines.

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14 FEB 1989

Honorable Robert C. Byrd
Chairman, Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The conference report accompanying the FY89 military construction appropriation bill directs the Department of Defense to defer the obligation of funds for projects in the Philippines until the Secretary of Defense has provided the

Committees on Appropriations a report on the status of base rights negotiations and a certification that, based on the negotiations status, it is prudent to proceed with the projects.

As you are aware, Secretary Shultz and Philippine Foreign Affairs Secretary Manglapus signed a Memorandum of Agreement on October 17, 1988 that concluded the 1988 review of the U.S. - Philippines Military Bases Agreement (MBA). The Memorandum of Agreement covers a number of issues, including the procurement of Philippine products, review of the Base Labor Agreement, nuclear weapons, base security, and ownership and disposition of buildings and structures. President Reagan's letter to President Aquino, also dated October 17, 1988, includes a "best efforts" pledge to provide $962 million in security and economic assistance during fiscal years 1990-91.

The 1988 review covers the duration of the fixed term of the MBA, until September 16, 1991. Thereafter, the MBA continues in force indefinitely and may be terminated by either party upon one year's notice. From a practical viewpoint, the provisions of the Philippine Constitution suggest that formal notification of MBA termination may be forthcoming. In light of this possibility, and absent the initiation of renegotiation of the MBA, it would not be advisable to proceed at this time with all of the military construction projects approved for FY89.

However, due to our concern over the security environment around the U.S. facilities and continuing reports of Communist insurgent threats to U.S. personnel, it is prudent to proceed with projects related to the safety of U.S. personnel assigned to the facilities and their dependents. These projects include construction of dormitories at Clark Air Base, a security police operations facility at Clark, and 260 family housing units at Clark. These projects account for $28.32 million of the $70.29 million in FY89 military construction funds approved by Congress for U.S. military facilities in the Philippines.

For similar security and safety reasons, I also am proceeding with two Air Force unspecified minor construction projects: the reinforcement of security gates at Clark Air Base and the replacement of a seriously deteriorated pier at Wallace Air Station. In addition, the Navy, in accordance with the conference report, plans to proceed with the procurement of relocatable generators for the Subic Bay power plant project.

The agreement of our respective governments to initiate negotiations on a new Military Bases Agreement would, in my view, constitute sufficient basis to proceed with the remaining projects.

Sincerely,

William H. Taft, IV
Deputy Secretary of Defense

Answer:

Spain: The new Defense and Economic Cooperation Agreement (DECA) was signed by U.S. and Spanish negotiators on December 1, 1988. The agreement will go into force once it has been ratified by the Spanish Parliament (Cortes). Approval is expected by the end of April, 1989. Under the new DECA, the 401st Tactical Fighter Wing must relocate from Torrejon Air Base within three years from the date of the agreement's ratification. To reduce operating and maintenance expenses, the remaining activities at Torrejon, such as the Military Airlift Command mission, will also relocate to other installations. The new agreement, which is for eight years (vice five years for the previous DECA), maintains a strong U.S. military presence in Spain by continuing utilization of the air bases at Zaragoza and Moron and the naval station at Rota.

Greece: The U.S.-Greece five year Defense and Economic Cooperation Agreement (DECA) terminated December 20, 1988. The DECA affects the status of Hellenikon Air Base (Athens), Nea Makri Communications Station (Athens area), Iraklion Air Station (Crete), the airfield at Souda Bay, Crete, and several smaller communications sites. Under the provisions of the DECA, the United States has 17 months (from December 1988) to vacate these bases unless a new agreement is reached. Negotiations continue with the 16th round just completed. While the talks are considered positive in nature, real progress in reaching a final agreement is not expected until after the Greek parliamentary elections now scheduled for June 18, 1989.

Philippines: There are no ongoing negotiations between the United States and the Philippines at this time. We are confident that negotiations will begin later in this year.

The Philippines

Question: Has the Department completed its study of alternatives to bases in the Philippines?

Answer: No; theater and national level elements are working on the study. A report will be forwarded to Congress later this month (March 1989).

Question: What are the findings of the study?

Answer: The study is still in progress

Question: What is the current estimate of cost to replace Clark Air Base? Subic Naval Base?

Answer: Precise cost figures for various alternatives will be contained in the alternate bases study currently in progress. We would note that the alternatives under study do not necessarily include "replacing" Clark and Subic; that is, replicating these facilities elsewhere. More accurately, the study explores ways of dispersing the operations and functions of the facilities, including to already existing U. S. bases.

Question: When does the Department expect base rights negotiations to be initiated?

Answer: The U. S. and Philippine Government, as of yet, have not agreed to begin negotiations on a new basing agreement. We are confident, however, that we will enter into discussions on the future of the bases later this year.

Question: In view of the problems associated with negotiations in the Philippines, has the Department considered reducing accompanied tours in the Philippines? Why?

Answer: Although there is currently a degree of uncertainty over future U. S. access to facilities in the Philippines, the Department Defense has not considered reducing accompanied tours there. We are confident that a follow-on basing agreement can be reached that is mutually satisfactory and advances the longstanding shared objectives of the U. S. and the Philippines.

Question: Recent press reports indicate that the communist insurgency, the NPA, has targeted Americans. What threat does this pose to members of the U. S. military and their dependents?

Answer: The insurgent threat to American servicemen and dependents remains credible and serious, although no incidents have taken place since the October 1987 killings of three U. S. servicemen at Clark Air Base. At greatest risk are U. S. Embassy and military personnel whom the insurgents might erroneously allege to be involved in counterinsurgency efforts. We are making all possible efforts to minimize the risk, most importantly by moving families onto the facilities from off base.

Family Housing Improvements

Question: Provide for the record by Service, the amount appropriated in each of the past five years for family housing improvements and the amount obligated to date.

Answer:

Army

	FY 85	FY 86	FY 87	FY 88	FY 89
Appropriated	100,000	102,000	135,000	105,000	72,300
Gramm-Rudman	(1,949)	(4,998)	---	---	---
P.L. 99-661	(550)	(9,770)	---	---	---
Reprogramming	(8,096)	(865)	---	---	---
Foreign Currency	---	---	(35,000)	---	---
Adjusted Balance	89,405	86,367	100,000	105,000	72,300

Obligated (31Jan89)	84,087	82,472	89,307	57,039	20
Unobligated Balance	5,318	3,895	10,693	47,961	72,280

Navy

	FY 85	FY 86	FY 87	FY 88	FY 89
Appropriated	9,000	34,020	48,580	39,000	55,000
Gramm-Rudman	(22)	(1,667)	---	---	---
P.L. 99-661	---	---	---	---	---
Reprograming	---	---	(2,300)	---	---
Foreign Currency	---	---	135	---	---
Adjusted Balance	8,978	32,353	46,415	39,000	55,000
Obligated (31Jan89)	8,731	29,919	38,393	25,985	0
Unobligated Balance	247	2,434	8,022	13,015	55,000

Air Force

	FY 85	FY 86	FY 87	FY 88	FY 89
Appropriated	62,173	46,300	58,644	119,190	148,765
Gramm-Rudman	(1,256)	(2,269)	---	---	---
P.L. 99-661	(300)	(1,500)	---	---	---
Foreign Currency	(314)	(240)	---	---	---
Adjusted Balance	60,303	42,291	58,644	119,190	148,765
Obligated (31Jan89)	58,979	39,077	55,404	113,028	5,290
Unobligated Balance	1,324	3,214	3,240	6,162	143,475

Question: What is requested by each of the Services for family housing improvements in Fiscal Year 1990?
Answer: The Services have requested the following FY 1990 appropriations for family housing improvements.

Army	$ 36,794,000
Navy	42,086,000
Air Force	173,349,000
Total	$252,229,000

Maintenance and Repair and O&M Construction

Question: Provide for the record appropriated amounts and the obligations for the past five fiscal years by Service for maintenance and repair.

a. Provide the request for Fiscal Year 1990 by service for maintenance and repair.

Answer:

(See attached chart.)

MAINTENANCE & REPAIR
(CURRENT YEAR $ MILLIONS)

	FY85 Approp	FY85 Obligated	FY86 Approp	FY86 Obligated	FY87 Approp	FY87 Obligated	FY88 Approp	FY88 Obligated	FY89 Approp	FY90 Request
ARMY	$1,439.0	$1,497.7	$1,339.0	$1,680.5	$1,738.0	$1,771.6	$1,567.0	$1,320.2	$1,603.0	$1,794.9
NAVY	$763.0	$904.7	$809.0	$831.7	$821.0	$951.2	$802.0	$869.5	$767.0	$759.4
MARINE CORPS	$239.0	$237.0	$233.0	$236.5	$294.0	$294.6	$312.8	$315.5	$285.8	$274.1
AIR FORCE	$1,437.0	$1,592.1	$1,472.0	$1,466.5	$1,664.0	$1,850.1	$1,431.2	$1,507.6	$1,472.0	$1,837.0
DEFENSE AGENCIES	$94.5	$119.0	$63.4	$85.1	$136.0	$131.6	$123.2	$151.7	$176.0	$165.3
DoD TOTAL	$3,972.5	$4,350.5	$3,916.4	$4,300.3	$4,653.0	$4,999.1	$4,236.2	$4,164.5	$4,303.8	$4,830.7

Service totals include Guard and Reserves.

Question: Provide the amounts appropriated and the obligations for the past five fiscal years by Service for operations and maintenance minor construction.

a. Provide the request for Fiscal Year 1990 by Service for operations and maintenance minor construction.

Answer:

(See attached chart.)

O&M MINOR CONSTRUCTION
(CURRENT YEAR $ MILLIONS)

	FY85 Approp	FY85 Obligated	FY86 Approp	FY86 Obligated	FY87 Approp	FY87 Obligated	FY88 Approp	FY88 Obligated	FY89 Approp	FY90 Request
ARMY	$254.0	$246.3	$282.0	$281.2	$282.0	$281.6	$194.0	$191.5	$167.0	$201.8
NAVY	$69.0	$117.0	$78.0	$104.7	$83.0	$121.0	$88.0	$103.3	$81.0	$78.9
MARINE CORPS	$27.0	$35.3	$26.0	$30.6	$33.0	$40.9	$34.2	$39.7	$32.4	$33.3
AIR FORCE	$123.0	$191.3	$147.0	$213.0	$173.0	$273.4	$102.0	$174.6	$119.0	$137.6
DEFENSE AGENCIES	$19.9	$29.7	$20.4	$25.1	$35.7	$22.4	$34.0	$35.1	$32.0	$24.9
DoD TOTAL	$492.9	$619.6	$553.4	$654.6	$606.7	$739.3	$452.2	$544.2	$431.4	$476.5

Service totals include Guard and Reserves.

Unified Budget Test

Question: What is the Unified Budget Test (UBT)?
Answer: The UBT is a test to determine the impact of increased financial flexibility on a commander's ability to accomplish his mission. A unified budget is one without predetermined subdivisions of funds. Installations simulate the absence of subdivisions of appropriations. All financial transactions must be accomplished under existing law and Congressional agreement. The original test involved six installations.

Question: What has been the experience to date?
Answer: Commanders have increased flexibility to deal with the unexpected. Installation financial and program managers plan better and now work as a team. Problems are solved in a more timely manner. The increased flexibility provides incentives for more effective and efficient spending - especially at the end of the year. Commanders are able to accomplish more with their resources by simply changing the way they do business.

Question: Does the Department plan to expand the UBT?
Answer: Yes. Services have identified and begun removing self-imposed restrictions. Many of the lessons learned have been applied to other installations. The current number of test bases are Army: 2, Navy: 1, Marine Corps: 1, and Air Force: 17.

Question: Some believe that a unified budget invites inconsistencies from base to base and increases the potential for abuse due to reduced oversight. What is the Department's view of such criticism?
Answer: Bases vary in their mission and operating environment. Increased flexibility provides commanders the flexibility to deal with problems and operations unique to their installation. This program calls for less control, not less oversight. UBT installations have probably had more oversight than others. The installations will still be evaluated routinely and subject to inspections and reviews by the service, major commands, auditors, the IG and GAO. A recent GAO investigation of the Air Force UBT at Lakenheath revealed increased mission effectiveness with no loss of accountability and no evidence of waste or abuse.

Question: Is the Department also considering merging family housing operations with the regular operations and maintenance accounts?
Answer: The Department is considering requesting such a merger in a future budget request.

Question: Is the Department also considering merging the military construction minor construction account with the operations and maintenance minor construction account?
Answer: No.

NATO Infrastructure

Question: Has the Department required any of the Services to provide funds from the Foreign Currency Fluctuation Account to supplement the NATO Infrastructure account?

a. Provide a table outlining each instance.
b. Since the Congress has been providing substantially full funding for NATO Infrastructure for the past several years, why has it been necessary to tap other funding sources?
c. What is the legal authority for such a transfer?

Answer: During FY 1988, $46.2 million was transferred from the Services to the NATO Infrastructure account to meet anticipated deficiencies due to foreign currency fluctuations. This has been the only instance in which the Services were required to provide funds for the NATO account. The FY 89 appropriation and, the FY90/91 budget requests anticipate requirements for foreign currency fluctuations. The legal authority is Section 121, of the FY 1987 Military Construction Appropriations Act, P.L. 99-591.

Question: What is the current unobligated balance in the Infrastructure account?
Answer: As of February 28, 1989, the unobligated balance in the infrastructure account was $380.8 million. Of that total, approximately $100 million will be required to offset foreign currency deficiencies. The balance of $280 million is expected to be obligated over the remaining seven months of Fiscal Year 1989.

Question: Why has project execution been slowed in the Infrastructure program?
Answer: There has been some decrease in the rate at which projects are approved and funds authorized prior to contract award. Part of the problem can be attributed to delays in program approval resulting from political disagreements between two of the NATO countries. From a high of $1.5 billion in 1986, authorizations dipped to just $1.4 billion in 1987 and, again in 1988 (based on an average exchange rate of $3.50/IAU). The political problems have been resolved and the authorization rate is on the increase in 1989. Construction rates, as shown below, have been steadily increasing since 1985. This is the rate of outlays and represents payments to contractors and, therefore, reflects the rate at which construction is put in place.

1985	1986	1987	1988
(based on average exchange rate of $3.50/IAU) ($million)			
852	1,039	1,154	1,160

Question: If project execution is slow, why should the full budget request be provided?
Answer: Authorization rates for 1989 are on the increase and, based on current projections should be greater than the totals for 1987 and 1988. Unless unforeseen political difficulties surface again, authorization rates are expected to increase steadily through Fiscal Year 1990. The department's budget request for Fiscal Year 1990 is based on these projections and a stable currency exchange rate.

Question: What is the current amount in the NATO slice group?

a. How does this compare to the previous slice group?
b. When will the next slice group objectives and funding levels be determined?

Answer: For the six year cost-sharing period (1985-1990), the NATO allies agreed to a funding ceiling of 3 billion Infrastructure Accounting Units (IAU). At the current exchange rate of $3.80 to one IAU, the total equates to $11.4 billion. The total will be somewhat higher than 3.0 billion IAU after the French contribution is added. France pays 13.2% of the total cost of all projects in the Warning Installations category and this amount is in addition to the six year ceiling.

a. This compares to the previous total 1.25 billion IAU for the five year (1980-1984) cost sharing period. After adjustments for inflation, the 1985-1990 ceiling is a 56% increase in real terms over the previous period.

b. The NATO allies have already agreed to funding levels for the first two years of the next six year (1991-1996) cost sharing period. A total of 1204 MIAU ($4.6 billion) is available for Slices 42 and 43 (1991/1992). Of this total, some 80 MIAU ($305 million) has been earmarked to cover construction costs at Crotone Italy for the relocation of the 401st Tactical Fighter Wing (initial funding has been included in earlier programs). The total for Slices 42 and 43 continues the same high funding levels of the previous slice group adjusted for inflation. Discussions will take place during 1989 regarding funding for the remaining four years. At a minimum, the U.S. will press for maintaining a constant level of effort with adjustments for inflation. An increase in funding levels will be considered if warranted by increased rates of execution.

Question: What is the status of the report referred to in last year's hearing entitled: "The Future of NATO Common-Funded Infrastructure Program?"

Answer: The report is nearing completion. We anticipate that it will provide a basis for augmenting NATO efforts to expand common funding areas as recommended in the NATO Report on Burdensharing.

Question: What new specific areas are being considered for expansion of the NATO Infrastructure Program?
Answer: A variety of possibilities for expanding common funded endeavors have been examined including the infrastructure program. These include possible common funding of pre-combat readiness requirements such as forward maintenance facilities and additional emphasis on ammunition procurement and storage facilities. In addition, we are looking into the potential for more commercial use of the NATO pipeline system which would lower, or possibly eliminate, the current cost-sharing arrangements for operating and maintaining the system. Possibilities are also being considered for NATO to assume increased responsibility for operations and maintenance costs related to POMCUS storage, collocated operating bases, and other like installations and facilities for equipment storage and use by reinforcing units during mobilization. These proposals are just now being refined for introduction into the NATO arena. If implemented, they could lead to more efficient use of available resources and have the potential for cost savings in some areas.

Question: What is the status of the proposal that NATO Infrastructure pay for Weapons Storage facilities, the Apache Helicopter facilities, and contingency medical facilities?
Answer: NATO has agreed that the Weapons Storage and Security System is now eligible for infrastructure funding. Projects have been submitted and are currently being screened for inclusion in the next available annual program (probably 1992). Because the NATO process is lengthy and a contract has already been awarded (Bechtel Corporation), prefinancing is required in FY 1990 and FY 1991 to ensure a continued flow of funds for contractor progress payments. Once NATO funds become available, the U.S. will be able to recoup those funds previously used for prefinancing. In the event NATO funds are available earlier than January 1992, U.S. appropriated funds will be deobligated.

NATO has also determined that a portion of U.S. required contingency medical facilities are eligible for common funding. Two fleet hospitals funded in FY 1988 have been included in Slice 40 (1989) for partial recoupment. The degree of support for these contingency facilities varies from project to project as each of the Services' requirements are tailored to specific missions and geographical areas. Normally, medical facilities are not eligible for NATO funding. In this instance, NATO support is based on U.S. assignments of reinforcement forces. In general, NATO support covers equipment storage areas only. Army second echelon facilities will probably garner a large percentage of NATO funding while the Air Force concept will require a larger share of U.S. funding. In almost all cases, some conjunctive funding is required. Planning for contingency facilities took account of existing U.S. medical facilities in Europe and the estimated availability of host nation medical support. Appropriated funding is being requested concurrent with the submission of projects for infrastructure funding. NATO support will be determined on a project by project basis. As conjunctive funding will be required in most cases, appropriated funds must be available for a NATO contract to proceed.

Two airfield facility projects supporting the AH-64 Apache have been approved for partial NATO funding in 1988 and 1989. NATO support for remaining U.S. requirements will be based on the results on an ongoing review of the wartime operational use of fixed facilities for combat helicopters. The current concept of operations dictates that the aircraft operate in forward areas until such time as forced to return to a permanent base for battle damage repair and/or recalibration of the advanced avionics systems. NATO support will be based on the estimated wartime use of the facilities. Therefore, conjunctive funding will be required for those facilities required for peacetime usage. Precautionary prefinancing statements are being submitted for all projects funded.

Question: Provide at this point for printing in the record a copy of the Department's report, required by the Military Construction Act, entitled "Report on Allies Assuming a Greater Share of the Common Defense Burden."
Answer: The report is attached.

REPORT ON

ALLIES ASSUMING A GREATER SHARE OF THE COMMON DEFENSE BURDEN

TO THE CONGRESS OF THE UNITED STATES:

I am pleased to submit the Report on Allies Assuming a Greater Share of the Common Defense Burden. This report is provided in response to the requirement set forth in Section 120 of the Military Construction Act for the Department of Defense contained in PL 100-393 enacted August 14, 1988.

In general, this report draws on the findings from the Department's more detailed Report on Allied Contributions to the Common Defense, which will be submitted to Congress in March. As in previous years, the more detailed report contains the data and analysis essential to gaining a full understanding of the extent to which the common defense burden is distributed among our allies.

The Department recognizes that a more equitable sharing of the roles, risks and responsibilities for the common defense is needed and, for the last year, has been engaged in a concerted effort to accomplish necessary changes. In doing so we have pressed for solutions broadly, on both a bilateral and multilateral basis, adhering to principles described in this report that recognize the complexity of the issue and have avoided resorting to rhetorical "ally bashing" which offers little chance of progress and high risk of eroding cohesion with our allies.

Our allies are sensitive to our concerns about burdensharing and some actions have already been accomplished and others are in progress that could lead to redistributing the defense burden that each nation shares. These changes have occurred in an environment of mutual trust without resorting to divisive unilateral punitive actions on either side of the Atlantic or the Pacific. It is vital that this spirit continue in future discussions and negotiations. Otherwise, we risk undermining the foundation of an Alliance structure that has ensured our security for the past forty years. To this end, we welcome the help and expertise of the Congress and look forward to the joint effort necessary to ensure continuing progress on this sensitive and important issue.

The common challenge for Congress and the Administration is to work with our allies to develop a concerted strategy that will lead to a more cost-effective and equitable sharing of the roles, risks and responsibilities while always maintaining an effective deterrent. By providing positive, engaging leadership and the correct incentives, and by keeping a clear vision of the national interests of the United States in a global community, we can help redefine Western security relationships so that each partner to the bargain feels it is receiving benefits commensurate with risks and burdens. We remain committed to that effort.

William H. Taft

William H. Taft, IV
Deputy Secretary of Defense

I. INTRODUCTION AND OVERVIEW

PURPOSE

This report responds to Congressional interest in the efforts of the Department of Defense to encourage NATO and Pacific allies of the United States to assume a larger share of the common defense burden. The requirement for this report to the Congress is contained in Section 120 of the General Provisions of the Military Construction Act for the Department of Defense, PL 100-393, enacted 14 August 1988. A comprehensive review of allied burdensharing is contained in our annual report to the Congress on Allied Contributions to the Common Defense. This report is limited to describing the status of efforts, ongoing and future, to achieve a more equitable sharing of the roles, risks and responsibilities for the common defense.

BURDENSHARING AND COLLECTIVE SECURITY

The equitable sharing of roles, risks and responsibilities is a necessary foundation for collective security. If initially, political, economic and military conditions necessitated America assuming a disproportionate share of the common defense burden, that is no longer the case. The continuing political and economic growth of European and Pacific allies has created conditions for their assuming a larger share of the mutual defense. As a result, there has been, over the years, a gradual shifting in the defense burden which, in combination with recent concerted efforts, has achieved some considerable progress. Consequently, in recognizing the need to continue our efforts, it must also be realized, that the real breakdown in burdensharing today is between those allies in the Pacific, Europe and North America who are doing their fair share, and those in those regions who are not.

THE COMMITMENT TO COMMON DEFENSE

A nation's commitment to the common defense comprises a wide range of factors, including money spent, willingness to assume political and military risks and political solidarity with allies. In America's case, it reflects the largest absolute and second largest relative financial commitment of the allied partnership. We, in the US, assume a major nuclear burden, as well as the political and financial cost of maintaining our troops in Europe and the Far East. Conversely, our European and Pacific allies point to various factors, including their hosting of US troops, individual financial and military commitments and the burden imposed as front line states.

POLITICAL ASPECTS OF BURDENSHARING

Defense arrangements with the NATO and Pacific allies of the United States rest on formal commitments, freely made by sovereign nations, to contribute by collective efforts to the common defense. Alliances like other agreements, remain healthy only so long as they respond to shared national risks. They remain acceptable to members only so long as these and the responsibilities associated with meeting them are -- and are perceived as being -- equitably shared. The contributions of the partners include both quantifiable (i.e., material) factors as well as non-quantifiable (e.g., political) factors.

In addition European and Asian allies of the United States represent both highly-developed, economically self-sufficient nations and lesser developed nations who need various levels of assistance to sustain their defense contribution.

These diverse perspectives have been at the core of burdensharing discussions which have occurred since the origin of our present Alliance structures. Nevertheless collective security has been a resounding success, deterring Soviet aggression and creating conditions for steady, and often spectacular, economic growth within our alliances.

CREDIBLE DETERRENCE AND THE THREAT PERSPECTIVE

The success of our collective security arrangements, highlighted most recently by the INF treaty and by recent possibilities for fundamental internal changes in the Soviet Union, has led to a growing perception in the US, Europe and parts of Asia that the threat is decreasing. However, as the reality, or myth, of this perception unfolds over the next several months we must continue to recognize that our past success has been the result, not of reductions in the threat, but of our ability to maintain a credible defense. Collective security remains the most viable and economical means we have to ensure our security. The formula for continued success is to maintain a joint resolve, backed up by the necessary resources, to sustain a credible defense capability. We cannot choose simply to ignore the fact that the Soviet Union continues to modernize nuclear weapons and improve its land, sea and air forces. At the same time we must be prepared to take full advantage of opportunities to negotiate meaningful reductions in forces that will result in a more stable less hostile international environment.

Achieving arms control agreements that will ensure our security at lower levels of forces is a formidable task. Our experience with the Soviets leaves no doubt that progress will depend heavily on our ability to negotiate from a position of strength. As a consequence, it is absolutely crucial that efforts to establish a more equitable sharing of the common defense burden not detract from the overriding need to maintain adequate defense and the cohesion of our alliances while we continue to negotiate. Credible deterrence and success in arms reductions negotiations are, and will remain, inextricably linked.

FACTORS AFFECTING EQUITABLE BURDENSHARING

Establishing equity in the sharing of the defense burden must take into account several factors:

- The need for allied publics to be fully informed on a shared view of the common threat.

- The need for allied publics to be fully aware of the defense efforts of all alliance members.

- The need for more efficient use of available defense resources.

- The need to increase defense resources necessary to overcome recognized deficiencies. Within NATO, this means increased emphasis on implementing agreed force goals, nuclear modernization and conventional defense improvements.

- The need to ensure that Alliance-wide and individual country contributions - both inputs and outputs - are accurately measured and are clearly and objectively portrayed.

PRINCIPLES FOR ACHIEVING MORE EQUITABLE BURDENSHARING

- The objective of US burdensharing efforts is to work with our allies to devise and implement more cost-effective and equitably shared defense roles, risks and responsibilities while maintaining a credible deterrent.

- There are no "quick fixes" for burdensharing. Some near-term results can be achieved but measured progress will require a long-term effort.

- The burdensharing problem cannot be resolved simply by reducing commitments. Any unilateral action that would reduce commitments would weaken our alliances thereby reducing the credibility of the deterrent.

- Within NATO and with our Asian allies, the equitable sharing of the roles, risks and responsibilties for the common defense is an alliance problem and should be resolved in an alliance context. The burdensharing issue is not one of the US versus the allies. The real problem is between those nations that are assuming a full share of responsibilities and risks and those that can, and should, do more.

- Negotiations with all of our allies must take into account their unique situations and ongoing contributions.

- Within NATO a stronger European pillar is likely to evolve over the course of the next decade. This is a desirable and natural result of adjustments in the roles, risks and responsibilities for the common defense.

- Japan is America's number one ally in the Pacific and the second largest economic power in the world. As such, Japan can be expected to continue its steady defense buildup within the context of established roles and missions and to increase significantly its contributions to overseas development assistance for peace and stability to those countries and regions which are important to the West's common defense interests.

- The Republic of Korea is rapidly emerging as an economic power in Asia. Already possessing substantial military forces for deterrence of the North Korean threat, they should be expected to assume an increasing share of support for US forces in the ROK. They have indicated a willingness to do so, and the US is encouraging their efforts in ongoing talks.

THE BURDENSHARING TASK FORCE

At the March 1988 NATO Heads of Government meeting in Brussels, then President Reagan stressed to the allies the need to 1) pursue more innovative and efficient use of defense resources, and, 2) increase efforts toward a more equitable sharing of defense burdens. Subsequently, in a personal message to heads of government, the President underscored the need for positive, constructive action as a matter of great urgency in light of the pervasive budgetary realities "we all face" and advised the allies that a special Defense/State task force under the Chairmanship of Deputy Secretary of Defense Taft had been established to address the issue of defense burdensharing.

The task force, with membership at the Assistant Secretary level, was officially designated by the Secretary of Defense to manage the effort and to ensure coordination with other government agencies whose interests and responsibilities are directly related, contributory, or may be affected by task force actions. These included the Department of State, the Office of Management and Budget, the Joint Chiefs of Staff and the National Security Council.

As part of the task force effort, Deputy Secretary Taft visited Japan and Korea and made three trips to Europe. His consultations with the North Atlantic Council, the NATO Secretary General, and key allied government officials in Europe and Asia, including Ministers of Defense, Foreign Affairs and Finance, placed the focus on national contributions and buttressed allied consideration of the burdensharing issue.

The Department of Defense, bilaterally with European and Asian allies and at NATO's Defense Ministerial and Nuclear Planning Group meetings, has ensured that the burdensharing issue remains a priority item. The issue has also been emphasized by the Department of State, both bilaterally in Asia and Europe and at regular Ministerial meetings of NATO's North Atlantic Council.

NATO RESPONSE TO THE BURDENSHARING ISSUE

Begun in response to United States' efforts, the foremost reflection of NATO's collective response to the burdensharing issue has been the review by the Executive Working Group of NATO's Defense Planning Committee of the roles, risks and responsibilities for the common defense. This report, directed by NATO Defense Ministers in May 1988 and completed in December 1988, is a far-reaching document that sets standards and establishes a firm baseline for more equitable sharing of the common defense burden. It was unanimously approved by NATO Defense Ministers at their meeting on December 1, 1988.

One of the most significant aspects of the report is that it establishes burdensharing as a permanent feature in the conduct of Alliance business. The following is a summary of the report's main points, conclusions and recommendations:

- The major and irreplaceable contribution of the United States to Alliance security and the substantial and diverse contributions of the European Allies and Canada is acknowledged.

- The need for improvements in the level of resources committed to the defense effort, the response to Alliance force goals, the extent to which individual forces are modernized and can be sustained, and the degree of cooperation rendered to strengthening Alliance defense through assistance to the three allies with less developed defense industries -- Greece, Portugal and Turkey -- are high priorities.

- It is emphasized that a prerequisite for the maintenance of Alliance cohesion and solidarity is that roles, risks and responsibilities for the collective defense be shared, and be perceived to be shared, in an equitable manner.

- Report recommendations, as endorsed by NATO Ministers, include near-term requirements for all countries to;

  -- Meet agreed force goals, particulary CDI highlighted force goals and improve force sustainability especially in battle decisive ammunition.

  -- Provide adequately for common-funded programs, e.g.; infrastructure

  -- Support progressive efforts in armaments cooperation

  -- Improve assistance efforts to Lesser Developed Industrial Nations (LDDI)

- Longer term recommendations highlight the need to examine opportunities in the following three principal areas, with the Executive Working Group to make specific recommendations for follow-up action in its Spring 1989 report to Ministers;

  -- The rationalization and division of labor, with a view to enhancing output by better coordination of national efforts and an optimal use of the unique capabilities and strengths of individual allies and to eliminating duplication in training, logistics and other areas (i.e. specialization).

  -- Reserve and mobilization potential, with a view to increasing conventional defense capabilities through enhanced training and equipping and improved mobilization processes.

  -- Common and joint funding, including examining new areas in the common funding field.

- With respect to the management of the issue of the sharing of roles, risks and responsibilities, the Defense Planning Committee in permanent session will oversee follow-up action and will monitor progress as reported by the Executive Working Group.

- The sharing of roles, risks and responsibilities will be a major theme in Ministerial Guidance and in developing and setting priorities in future force goals.

II. PROGRESS DURING 1988

RELOCATION OF THE 401ST TACTICAL FIGHTER WING

At their May 1988 meeting NATO Defense Ministers invited Italy to host the 401st Tactical Fighter Wing. Upon Italy's acceptance, Defense Ministers further agreed to provide for the purchase of land and the construction of facilities needed to support the relocation of the Wing from Torrejon Air Base in Spain to Crotone, Italy. Funding will be provided through the NATO Common Infrastructure Program. This agreement represents a long-term commitment on the part of the NATO allies to ensure that defense of the Southern Region remains viable and it clearly demonstrates Alliance concern over the burdensharing issue. In addition, and most important, as with the dual-track decision of 1979, it sends an unmistakable signal to potential adversaries regarding Alliance resolve, and willingness to respond, when major issues having a direct impact on joint security arise.

AGREEMENT ON INFRASTRUCTURE COMMON FUNDING FOR 1991 AND 1992

At their December 1988 meeting NATO Defense Ministers agreed to fund the NATO Common Funded Infrastructure Program at a level of 1204 Million Infrastructure Accounting Units ($4.8 billion for 1991 and 1992 programs). This agreement includes funds for the highest priority requirements of the NATO Military Commanders and provides additional funding to support construction and equipment requirements for the 401st Tactical Fighter Wing. It ensures adequate resources to continue modernization of NATO's Air Command and Control System, NATO communications systems, key sustainability and force structure support projects and completion of the hardened shelters program and essential operating facilities for US reinforcing aircraft. It marks another important and difficult decision taken by the Alliance in recognition of the burdensharing issue and the need to ensure continued progress toward meeting and maintaining our joint security objectives.

PERSIAN GULF SUPPORT

The nations of the Western European Union agreed to continue to deploy forces in support of freedom of navigation operations in the Persian Gulf. France, the United Kingdom, Belgium, The Netherlands, and Italy each contributed forces to join with United States units conducting security and minesweeping operations.

Luxembourg participated by sharing in the cost of Belgian operations in the Gulf.

The Federal Republic of Germany deployed naval forces to the Mediterranean to fill the gap for the United States and other allied forces that had redeployed to the Persian Gulf.

Japan, in addition to providing a $10 million precise navigation system, has helped to offset the cost of United States operations in the Persian Gulf by increasing contributions to United States labor costs in Japan by $100 million annually through 1990.

DEFENSE BUDGET STATUS

One of the most difficult issues the NATO Alliance faces is whether its members -- including the United States -- can and will follow agreed general guidelines that call for annual increases in defense expenditures. Current Ministerial Guidance calls for increases in the region of three percent per year.

While most countries have maintained an upward trend in their real defense spending and have attained real increases in the region of three percent from time to time over the years, only a few nations have managed to meet NATO's three percent real growth objective on a generally consistent basis. Based on preliminary data, the outlook for the next few years does not indicate significant changes in allied real growth patterns. There are, however, some bright spots. The United Kingdom has announced upward revisions in its planned defense funding for 1989 and 1990 and a noteworthy allocation for 1991. These allocations are expected to translate into some real increases during this three-year period and thereby arrest a downward spiral in British real spending that began in the mid-1980s. The Federal Republic of Germany - which has maintained a virtually level real defense spending trend since the early 1980s - may achieve modest real growth in 1989. Tentative projections for the late 1980s/early 1990s indicate real growth in the defense outlays of Canada, Greece, Italy, Luxembourg, The Netherlands, Norway, Spain and Turkey.

In the Pacific, Japan has maintained an annual real growth rate in defense spending of about five percent for over a decade and is expected to continue this trend for 1989 and beyond. This is in keeping with Japan's commitment to develop a capability to defend its territory, to include air and sea lanes out to 1000 nautical miles, while the United States provides offensive strike capability and the nuclear umbrella. Japan's defense budget in 1989 will be comparable to that of France, Great Britian and West Germany. The Republic of Korea defense spending continues to exceed 5.5% of its gross national product in 1989.

OVERSEAS ASSISTANCE

Japan has significantly increased overseas development assistance to a level of $10 billion, soon to exceed the United States as the largest donor of foreign aid in the world. This assistance will contribute directly to economic development and political stability in the Philippines, Thailand, Korea, Turkey, Egypt, Pakistan, Oman, and Jordan among other countries. For example, Japan will provide $500 million in additional loans to Jordan ($300 million already provided) and Oman ($200 million with terms still under negotiation), and as noted previously, is providing a $10 million precise navigation system for the Persian Gulf.

The Netherlands has set aside some 40 million guilders ($18.2 million) annually over the next four years for assistance to the lesser developed defense industry nations of NATO (i.e., Greece, Portugal, and Turkey).

The Federal Republic of Germany continues, along with the United States, to be a major contributor to the lesser developed industry nations largely in the form of grant military aid. Most recently Germany provided some DM 300 million for military aid and some DM 150 million in nonmilitary aid to Turkey. The total aid provided for Greece, Turkey and Portugal now amounts to some DM 6 billion. NATO, in the Executive Working Group report, has stressed the importance of other members of the Alliance to provide increased support for these nations.

COOPERATIVE RESEARCH AND DEVELOPMENT

The pursuit of cooperative research and development projects within the NATO Alliance is an effective means of sharing the cost of modernizing conventional defense capabilties. In the aggregate, signed agreements represent a potential 70% savings over costs that that would have been expended had the United States undertaken these projects alone. The following chart summarizes cost ratios:

NUNN AMENDMENT PROJECTS WITH SIGNED MOUs - BURDENSHARING RATIOS

	US COST SHARE
Ada Project Support Environments	43.7%
155mm Autonomous Precision-Guided Munition	30.2%
Modular Standoff Weapon	22.0%
Multifunctional Info Distribution System	28.0%
NATO Identification System	46.5%
Airborne Radar Demonstration System	38.0%
Advanced Short Takeoff/Vertical Landing Technology	50.0%
Enhanced Fighter Maneuverability Aircraft	65.5%
NATO Frigate Replacement - 1990s	12.5%
Surface Ship Torpedo Defense	50.0%
Post 2000 Tactical Area Communications	16.7%
HAWK Mobility Enhancement	50.0%
NATO Anti-Air Warfare System	16.7%
Battlefield Info Collection and Exploitation Sys.	50.0%
Agile Falcon/F-16 Upgrade	25.0%
LINK-11 Improvements	12.5%
RPV Multimission Optronic Stabilized Payload	50.0%
Dragon III Upgrade	50.0%
TOTAL COST SHARES FOR MOUs SIGNED TO DATE - US:	28.8%
ALLIED:	71.2%

In addition, the United States, United Kingdom, France, and the Federal Republic of Germany signed a Harmonization Agreement to develop future main tank armament sytems on the basis of common technical parameters. This is a significant historical event leading to a future capability to interchange tank ammunition. Additionally, the agreement can form a basis for further cooperation in research and development programs. Overall combat capability, as a direct result of this unprecedented standardization, will be significantly enhanced.

The pursuit of United States-Japanese cooperative research and and development programs is under way as well. The next generation Japanese support fighter will be jointly developed with Japanese funding. Other joint research and development projects are under consideration.

Cooperative research and development is recognized as a means to increase military force effectiveness while at the same time saving substantial amounts of money throughout the life cycle of a weapons system. Congressional support for these efforts, through such legislation as the Nunn ammendment on NATO Cooperative Research and Development, was enthusiastically applauded by the allies.

SUSTAINABILITY

Among key conventional deficiency areas, munitions sustainability has received major emphasis. The United States spearheaded a successful effort to have the Major NATO Commanders create separate highlighted force goals that establish specific country-by-country Conventional Defense Improvement Program ammunition objectives. Of the CDI program highlighted ammunition objectives for land, air, and naval munitions combined, over 40% will be fully, or virtually fully, implemented in the mid-term and about two-thirds will achieve implementation rates of at least 80%. In addition, the allies expect to achieve 80% or more of NATO identified stockpile objectives for a large portion of 24 major ammunition categories for ground, air and naval forces.

CIVIL EMERGENCY PLANNING

As a major component of credible deterrence and a subjective but extremely important element of shared roles, risks and responsibilities within the NATO Alliance, Civil Emergency Planning presents a significant challenge. Effective planning, especially to ensure the necessary civil resources to support the transfer, reception and onward movement of reinforcements, is essential. In this regard NATO has accepted United States' revalidation of requirements for wide-bodied civil passenger and cargo aircraft from allied resources for the airlift of reinforcements and equipment to Europe. The passenger goal of 60 aircraft has been met. Designation of cargo aircraft continues. Revalidation of requirements for allied shipping resources is also under way and will likely reflect an increased need.

NATO has also agreed to consider funding, through the infrastructure program, the procurement of conversion kits for large commercial airliners to permit significantly improved cargo capacity during an emergency or crisis situation. Procurement is expected to commence in 1989.

HOST NATION SUPPORT

The most recent wartime host nation support agreement with the Federal Republic of Germany has increased the number of civilians to support United States' forces. The total commitment exceeds 150,000 people all of whom are exempt from military service. The Federal Republic of Germany will also fund 74 medical clearing stations, 10 hospitals, 39 billeting facilities, and 170 vehicles from their own resources. These are in addition to the 176 German reserve military units created for the sole purpose of supporting United States forces in wartime.

As a part of this agreement, the Federal Republic of Germany will invest some $407 million in hardware systems. Additionally, the Federal Republic of Germany will mobilize much of the required unit equipment from the civil sector which represents a cost avoidance savings to the United States of about $578 million. Germany has also agreed to prefinance infrastructure facilities at a cost of $225 million.

This is another area that Congressional support has been most helpful and crucial. As a result of concluding this agreement, the United States gains needed combat support at about one-tenth of the cost of maintaining our own reserve units and at about one-half of one percent of the cost of deploying these units to Europe. NATO benefits from the increased combat power the United States can provide as a result of not having to contend with the added burden of deploying combat support units.

The Federal Republic of Germany has agreed to man and operate 24 PATRIOT fire units in the Central Region and has purchased and will maintain 27 ROLAND fire units for air defense of two United States main operating bases. They also purchased 60 ROLANDS to defend six of their own bases. These agreements save the United States the expense of start-up costs, training and manning.

The Netherlands will provide over 400 vehicles for US forces in wartime. Cost avoidance savings for program management, storage facilities and maintenance is about $2.7 million annually.

The United Kingdom will participate in the modernization of a United States ballistic missile early warning station in the United Kingdom at a cost of $66 million and will operate and maintain the facility at no cost to the United States.

Japan also provides significant support for United States forces. In Fiscal Year 1988, Japan provided more than $1.1 billion for facilities and $316 million in labor cost for United States forces in Japan. Together with rent-free bases and other contributions (waived taxes, customs, road tolls, landing and port charges) the total contributions exceed $2.7 billion. Labor cost-sharing, facilities improvements and other contributions will increase by 16% in 1989. The Japanese share of labor costs will equal about 50% of the total costs of direct and indirect hire labor in Japan by 1990.

Korea will provide some $40 million annually between 1988 and 1991 in construction funds for US facilities and will spend $5 million for labor costs related to depot-level maintenance for US aircraft. It provided $1.9 billion in rent free bases, reduced utility rates and costs provided by the Korean Service Corps and Korean augmentation to the US Army. Korea will also share the operations and maintenance costs of the Combined Forces Command, Combined Field Army and communications costs for all US/ROK combined activities.

III. CONTINUING EFFORTS TO IMPROVE ALLIED PERFORMANCE

CONVENTIONAL DEFENSE IMPROVEMENTS

One criticism of NATO defense planning has been that force goals are not projected far enough into the future. As a result of a decision taken at the spring 1988 Ministerial Meeting, NATO has now proposed 26 long-term force goals, covering such items as advanced weapons, antisubmarine warfare capabilities, missile defenses and the use of advanced naval vessels. These force goals represent an important step forward in harmonizing long-range national plans with Alliance requirements and will serve as a foundation for armaments goals in the new NATO Conventional Armaments Planning System.

Another longstanding problem has been the force goals for NATO member countries dependent on outside assistance. These nations have been faced with force proposals that were militarily valid but financially unattainable. The inclusion of new military-assistance-requirements force goals which are addressed to the Alliance as a whole rather than to individual nations will help to solve this problem and may be the initial step toward establishing a centralized effort to coordinate defense assistance allocations.

The United States will continue to focus attention on these and other critically important areas which, with concerted effort, have a chance of being realized. In this regard, we intend, as a minimum, to continue toward the following goals:

- Full implementation of Conventional Defense Improvement Program highlighted ammunition force goals.

- Significant progress by the Central Region countries (plus Denmark and Canada) in implementing force goals calling for additional ground forces units, with special emphasis on operational reserves.

- Improvements in training, equipping, and availability of mobilizable forces.

- A solution to NATO's PATRIOT air defense requirement which would involve Belgium.

- Enhancement of Follow-on Forces Attack capabilities (e.g., procure multiple launch rocket system and extended range surveillance and target acquisition systems).

- Improved Offensive Counter-Air capability with additional aircraft and anti-runway munitions.

- Accelerated modernization of NATO Air Command and Control and Air Defense systems including the development and introduction of the NATO Identification System and fielding of short-range air defense.

- Continued modernization of Greek, Portuguese, and Turkish forces.

- Overcoming shortfalls in maritime capability (mine-countermeasures, maritime patrol, and escort operations) through modernization and additional forces.

- Increased efforts to improve NATO electronic warfare capability.

- Continued efforts to fill gaps in logisitics and sustainability requirements for NATO forces.

- Continued support and participation in the NATO cooperative munitions and explosives program through the NATO Maintenance and Supply Agency.

NUCLEAR MODERNIZATION

In 1983, at Montebello, NATO took the decision to reduce and modernize nuclear systems. It was agreed that the Montebello program was essential whether or not an INF agreement was concluded. We are proceeding with the Montebello program so that our nuclear forces in Europe maintain their capability to fulfill their mission of deterrence and flexible response. A cardinal principle is to proceed with the implementation of this program in a manner that will ensure equitable sharing of the roles, risks and responsibilities associated with it.

SUSTAINABILITY

We will continue to seek expansions of our Host Nation Support agreements to ensure adequate storage facilities for United States equipment and support material and the provision of manpower support to speed reception and onward movement of United States reinforcing units in Europe. An agreement with Korea is under negotiation and one with Japan is being considered for the support of our forces in those countries.

We will strive to achieve the full implementation of highlighted ammunition and related sustainability goals under the Conventional Defense Improvement Program. Continued emphasis on our own and allied ammunition procurement will be used to redress the low levels of combat-decisive munitions. Expanded use of the successful cooperative procurement of munitions by the NATO Maintenance and Supply Agency offers an effective tool to expand stocks and reduce units costs to the participating nations.

INFRASTRUCTURE

The NATO Common Funded Infrastructure Program is a prime example of Alliance burdensharing through the provision of common funded bases, facilities and equipment that are made available to NATO forces at no charge to the participating nations. We continue to seek expansions of this program and its concept into additional areas that are more equitably and sensibly common funded. Among these are ammunition production, tanker aircraft, passive defense, training and logistics support. Currently the program provides some $2 billion annually for NATO military construction and select equipment requirements.

ARMS COOPERATION

The burdensharing issue draws attention to the need to maximize the efficient use of limited defense resources and underscores the requirement to improve armaments cooperation, standardization and interoperability in order to achieve the highest possible upgrade of our defense capabilities at the lowest possible cost. Further developing related policies and structural changes as necessary to meet this challenge is crucial.

The NATO Conventional Armaments Planning System, as a tool for better managing collective armaments efforts, carries high potential for realizing priority conventional force needs. Continued effort directed toward exploiting the full potential of the NATO Conventional armaments system is essential.

COOPERATIVE LOGISTICS

Further development of effective cooperative logistics programs is another area that requires increased attention and carries high burdensharing potential. Long range objectives include;

- Improved defense industrial preparedness and sustainability.

- Serious consideration of NATO common logisitics support.

- Rationalization of areas suitable for cooperative logistics, i.e., identify areas where two or more countries could benefit from an integrated logisitics support effort.

- Increased use of the NATO Maintenance and Supply Agency for common logistics support. A provision of the FY 89 Defense Authorization Act allows Department of Defense waivers of foreign military sales surcharges for NATO Maintenance and Supply Agency procurements on behalf of multinational weapons systems partnerships and NATO. This is another example of Congressional support that is helpful and will encourage increased cooperation in the logistics area.

- Creation of a NATO Consolidated Munitions Procurement Pilot Program through the NATO Maintenance and Supply Agency has been successful. All contracts for this first effort have been placed. Denmark's recent request for a large quantity of 155mm ammunition adds to the program's success. In the new consolidated procurement list for 1990-92, nations have identified at least $60 million worth of requirements for the next phase of the program. Other important developments include a widened list of ammunition types for consideration, and the creation of an ad hoc group of national experts to provide the NATO Maintenance and Supply Agency with technical expertise on bid request preparation and proposed analysis.

REDEFINED DIVISION OF LABOR

As with armaments cooperation, the potential for savings through a more efficient division of labor in our mutual defense effort is promising. However, it also has potential for unilateral role-shedding. While recognizing the benefits, as well as the shortcomings, NATO has established a requirement to enhance output through better coordination of national efforts and, in particular, an optimal use of the unique capabilities and strengths of individual nations. This NATO effort, although not directly related, will be supportive of Department of Defense reports to Congress on the assignment of military missions among NATO member countries as required by recent legislation. The legislation also requires that the Department report on the prospects for more effective assignment of such missions among NATO countries. However, the aim, as noted in the NATO Executive Working Group report, should not be to reduce defense expenditures, but rather to ensure that the resources are used more effectively, thereby enhancing Alliance defense capability. Building on these efforts can add another dimension to traditional thinking regarding national contributions to the common defense effort and lead to more efficient use of limited defense resources.

COMMAND, CONTROL AND COMMUNICATIONS

The ability to respond rapidly in a crisis and to manage that response effectively is a direct measure of our command, control and communications capability. It is crucial to ensure that the current NATO effort to modernize command, control and communications systems, including early warning capabilty, moves forward on a rational basis and that adequate common funding support is available to ensure its implementation. Failure in this area would result in a piecemeal system that would lack interoperability, standardization and, most important, defense capability.

CIVIL EMERGENCY PLANNING

One of the major areas where the allies can take up some of the logistics and support burden as well as improve management and centralized control is in the reception and onward movement of United States reinforcing units. Additional civil resources need to be earmarked for early mobilization to assist the arrival of these forces by air and sea and to expedite their subsequent movement to forward positions. The coordination of this complex task should be carried out under one agency which would have a planning role in peacetime and a coordinating role in wartime.

SECURITY ASSISTANCE

Assistance to the lesser developed defense industry nations is crucial to credible deterrence in NATO's Southern Region. In this regard we are working with our NATO allies and Japan to coordinate and further enhance current programs. We are also seeking to devise additional programs to achieve a level of assistance that will accelerate the modernization of the force structure, promote stability in the region and decrease the dependence on deployed forces.

RESERVE FORCES

The military capabilities of most NATO allies can be strengthened considerably, yet cost effectively, through improvement in the reserve forces. These are untapped defense resources that can, if properly manned, equipped and trained, have a significant impact on allied force contributions, reinforcement requirements and defense costs. The Assistant Secretary of Defense for Reserve Affairs has been working with the allies to improve the efficiency and the contribution of their reserve programs. These efforts will continue.

The United Kingdom is moving forward on its reserve program by working with industry to gain their support in addition to developing a cooperative reserve training program with the United States. Similarly, the Federal Republic of Germany has embarked on a defense plan for the next decade that includes increased reliance on strong reserve forces. Canada has established a defense policy that will more than triple the size of their reserve force over the next several years. Denmark, Portugal, Norway and, to a lesser extent, The Netherlands are experiencing pilot shortages that might be helped with a well-executed reserve program.

JAPAN AND KOREA

We are involved in a number of efforts at several levels to enhance defense cooperation and capabilities with Japan and Korea.

For example:

- Bilateral exercises have resulted in an increase in the quality of the exercises as well as improved interoperability.

- At the combined level, planning, coordination, sustainability and interoperability are progressing well.

- As Korea continues to develop its ground defense capabilities, options are being explored which will gradually increase Korean forces responsibility for the defense of Korea.

- With Japan we are exploring increased joint research and development at the service level, as well as between the Department of Defense and the Japanese Defense Agency.

- We consult regularly with the Japanese to coordinate our foreign assistance activities, which for Japan increasingly involves programs to promote peace and stability in regions outside of Asia.

THE EUROPEAN PILLAR

Our NATO allies are very interested in strengthening the European pillar and recognize the additional requirement for these efforts to be accomplished in the context of agreed alliance goals and objectives.

As a stronger European pillar continues to emerge, opportunities to achieve more equity in the distribution of the defense burden will appear. Our ability to work with our allies to define and take advantage of these opportunities will depend on a spirit of mutual cooperation and trust and will entail acknowledgment and acceptance of increasing European influence and leadership in defense matters. It will also require a special effort to ensure that European defense cooperation and ongoing cooperation in the Alliance framework are complementary. In this regard, it is particularly helpful to have NATO play a key role, especially as the evolution of the European pillar presents opportunities for adjustments that lead to a more equitable sharing of the defense burden. We will continue to support this approach.

THE PACIFIC

Japan and Korea have a strong record with respect to their contributions to our bilateral security relationships over the past several years. Both can be expected to increase those contributions in the coming year to upgrade their own defense capabilities and to further support United States forces. It is also noteworthy that, while Japan has achieved sizable increases in defense budget spending, it is also restrained by domestic and regional political considerations from becoming a military superpower. However, we do not believe that Japan's current defense buildup poses a threat to anyone, but rather promotes deterrence through enhanced military capability.

PROSPECTS FOR INCREASING DEFENSE BUDGETS

Achieving significant increases in allied defense budgets will, in the near/medium-term, continue to be a difficult and, in some cases, an unlikely prospect. Nevertheless we will continue to pursue needed increases as we seek to examine other means to more efficiently and effectively use available resources. As previously mentioned, revised divisions of labor, increased cooperation in logistics support and expansion of common funded programs offer increased opportunities.

THE ROLE OF CONGRESS

Achieving a more equitable sharing of the common defense burden is an objective that both the Congress and the Administration share. In this regard, the Congress plays a key role in the Administration's efforts to encourage our allies -- especially those nations whose burdensharing efforts are substantially below par -- to agree on measures that will result in a more equitable sharing of the roles, risks and responsibilities for the common defense. Congressional expressions of interest along with positive legislation provide the Administration with both the leverage and the formal basis for establishing meaningful dialogue across the broad-spectrum of burdensharing issues.

A number of Congressional actions have helped persuade our allies to act positively in response to the burdensharing problem. The Nunn Cooperative Programs have had just such a desired effect by providing a basis for participation in cooperative research and development programs. Sharing the financial burden among the participating nations results in quality weapons systems for the common defense and testify to the significant benefits of true cooperation among allies.

Likewise, Congress joined with the Administration in encouraging the Japanese to assume a greater responsibility and role for protecting the sea lanes out to 1000 nautical miles. Japan's acceptance of this increased role is a burdensharing success story, as it allows the US and Japan to work together with complementary force structures; Japan can concentrate on air and submarine defense while the US provides offensive power projection.

In order to properly accomplish this mission, the Japanese sought to purchase the US-built Aegis Air Defense System for deployment on its destroyers. Subsequently, Congress joined with the administration allowing the sale of Aegis to Japan. This decision helped Japan to increase its defense while helping the

US economy through a multi-billion dollar sale that will generate thousands of jobs.

Another example of Congressional action that helped our ongoing efforts was in the area of Host Nation Support activities. Under this Program, the Federal Republic of Germany agrees to provide 176 reserve units (83,980 personnel), and pay the related personnel costs while the United States provides the equipment. While the Federal Republic of Germany lived up to its commitment to provide the manpower, efforts to require West Germany to fund the needed equipment threatened to jeopardize the entire agreement. Again, Congress joined with the Administration allowing the agreement on this burdensharing success story to be implemented, thus enabling NATO to increase its military capability in a cost-effective way through cooperation between allies.

It is helpful when Members of Congress raise their concerns about burdensharing when they meet with representatives of allied governments, as well as with foreign journalists, academicians, business leaders and other opinion leaders. In this regard, participation by Members of the Congress in the North Atlantic Assembly's Committee on NATO in the 1990's is offered as an example of a successful endeavor that boldly portrayed the threat while presenting cogent recommendations for redressing United States defense burdens and access of United States forces to overseas bases. Such communications provide leverage for the Administration and contribute directly to the quality and timeliness of the various political debates in the national capitals of our allies. And it is within these debates and the ensuing consensus that our allies' ability to accept new roles and responsibilities will ultimately be determined. Clearly the decisions that need to be made about burdensharing are political in nature, not just economic.

IV. CONCLUSIONS

Burdensharing discussions with our allies throughout the course of the past year have led to some important conclusions that must be taken into account as we look to the future.

- The allies are serious about burdensharing and recognize the need to continue to seek ways to ensure a more equitable sharing of the costs necessary to maintain our mutual security interests.

- Burdensharing can only be resolved jointly. Unilateral decreases in defense contributions do not serve collective security interests. In fact, they are divisive, risking the long-term benefits that can be realized through carefully negotiated arms control agreements.

- United States defense policies and spending should not be held hostage to allied performance. Punitive measures, as a means to encourage our allies to increase their defense spending, are usually counterproductive and not in our best interests.

- Increased roles and responsibilities are achievable for those nations now contributing less than they should. However, efforts must focus on a variety of different possibilities across the wide range of concerns highlighted previously in this report. For example, small increases in several areas may be as helpful as a large and high visibility increase in only one area.

- To focus on a single aspect of the burdensharing issue, such as percent of gross domestic product for defense, tends to oversimplify the problem and shift the focus away from the real issue, i.e., the need to redefine roles, risks and responsibilities in terms that address the broader concept of establishing equity in the total effort to meet collective security needs.

NATO Infrastructure

Question: What is the status of the "Task Force on Burdensharing?"
Answer: The Task Force, which was headed by Deputy Secretary Taft, completed its report on burdensharing in December. The report was forwarded to Congress on December 22, 1988. The task force was instrumental in gaining some increased contributions from our Pacific and European Allies along with NATO acknowledgment and joint action on burdensharing. Subsequently, the Alliance completed its own examination of the issue resulting in follow-up recommendations for ensuring a continuing effort to achieve a more equitable sharing of the common defense burden. We are now working within the NATO arena to ensure that this follow-on effort is timely and productive.

Question: What specific efforts are being made by the Department during the current year to encourage our allies to assume a greater share of the common defense burden?
Answer: As a result of our efforts last year NATO has set standards and analyzed a large number of relevant criteria to establish a baseline for more equitable sharing of the common defense burden. It is now crucial to follow-up on the NATO effort. The DoD Report On Allies Assuming A Greater Share of The Common Defense Burden, forwarded to Congress in February of this year, provides detailed information on the full effort of the past year and intentions for future efforts.

Question: The Committee has recommended that our allies be required to pay increased amounts toward the cost of family housing construction and operations, and community support facilities. Does the Department agree with that position?
Answer: We are constantly working with our allies, both bilaterally and jointly, to find ways to ensure equity in the sharing of the common defense burden. These efforts, based on mutual understanding and cooperation, have achieved some increases in allied support for personnel housing and other facilities for our overseas forces along with other significant burdensharing initiatives that provide a basis for continuing dialogue and action on this important issue. We do not believe that it would be useful or helpful to "require" our allies to pay increased amounts toward the cost of family housing construction and operations, and community support facilities. Punitive legislation promotes adversity rather than cooperation and carries high probability for our own forces to suffer tne brunt. There is more return to be gained from positive steady dialogue with our allies and joint resolve to achieve more equitable burdensharing across the wide range of operational and support activities of our common defense effort. The DoD Report on Allies Assuming A Greater Share of the Common Defense Burden, forwarded to Congress in February of this

year, provides detailed information on our efforts over the past year to achieve a more equitable sharing of the common defense burden and outlines our intentions for the future. We believe that positive more far reaching results can be achieved through this and Congressional support that provides incentives which promotes allied cooperation, e.g., the NUNN Ammendment on armaments cooperation.

Torrejon Air Base, Spain

Question: What is the status of the relocation of the 401st Tactical Fighter Wing currently located in Spain?
Answer: The 401st TFW will have to withdraw from Spain within three years after ratification of the new agreement by the Spanish Parliament. The user requirements study is well underway and, once completed this Spring, will define facility, and land requirements at Crotone. The study will be followed by the design of specific facilities with initial ground breaking anticipated in late summer of 1989. A NATO Planning Coordination Office (funded by NATO) has been opened in Rome and is staffed by personnel from the Italian Government, the NATO International Staff, and various U.S. European commands. NATO Infrastructure funding has been included in current programming and will be included in future programs as required by the pace of construction. The first squadron should be relocated to Crotone Air Base in [deleted]. The relocation of the other activities such as Headquarters, 16th Air Force and the MAC missions requires additional planning and approval by the appropriate host governments.

Question: What is the status of the base agreement with Spain?
Answer: The agreement requires ratification by the Spanish Parliament. This is expected by the end of April, 1989.

Question: What missions will be required to be moved to other locations as a result of the base agreement?
Answer: In addition to the relocation of the 401st TFW, the U.S. has elected to vacate Torrejon Air base and move all other activities to other locations. The significant missions are Headquarters, 16th Air Force and the Military Airlift (MAC) mission.

Question: What military construction will be required at Moron Air base and Zaragoza Air Base and at Rota Navy base as a result of a new base agreement with Spain?
Answer: Currently, there are no known construction requirements at Moron or Zaragoza that resulted from the new agreement or relocation of activities from Torrejon. Some elements of the MAC mission may be moved to Naval Station Rota where some additional construction will be required.

Question: How much has NATO agreed to pay toward the relocation of the 401st?
Answer: Total costs for the NATO funded portion of Crotone Air base are estimated at 217 million Infrastructure Accounting Units (MIAU) or $827 million at current exchange rates ($3.808/IAU).

Question: How much of this cost will be the U.S. share?
Answer: The U.S. cost share of the NATO Infrastructure budget is 27.82% putting the U.S. share of the Crotone project at $231 million.

Question: Did the United States seek NATO funding for Morale, Welfare, Recreation facilities?
Answer: All U.S. facility requirements for the relocation of the 401st TFW were presented to NATO. While most of the required construction will be funded by NATO, the allies stopped short of providing recreation facilities such as a youth center, pool, library, hobby shops, or bookstore. In order to provide these important services for military personnel and their families, both appropriated and nonappropriated funding will be required in FY 1990 and FY 1991.

Question: Why are these facilities included in the FY 90 budget request?
Answer: Because the facilities were not supported by NATO for infrastructure funding.

Question: The Committee understands that the U.S. is considering increasing its percentage contribution to the NATO Infrastructure account to finance the construction of family housing to support the 401st. Is that correct? If so, what will be the cost and how much will the U.S. percentage be increased?
Answer: NATO has agreed to pay the cost of construction for family housing at Crotone with the proviso that the U.S. repay NATO over a period of approximately ten years. To facilitate the transfer of funds over this period, it has been proposed that the existing NATO Infrastructure paysheet procedures for fund disbursement be used (quarterly). The agreed U.S. cost share of 27.82% would remain unchanged. The action merely takes advantage of an existing fiscal mechanism for the repayment of the housing costs over the agreed period.

Question: What specific precedent is there for the U.S. increasing its percentage contribution to NATO infrastructure to prefinance projects?
Answer: The U.S. has never increased its percentage contribution to NATO to prefinance projects. Over the 39 year history of the program, the U.S. share has decreased steadily as the European allies assumed a larger share of

the costs of the program. There have been isolated instances where all the allies increased their respective shares by a fraction of a point to allow a member nation to decrease its share due to adverse economic conditions in that country.

Question: What written guarantee has the United States received from NATO that funds provided for family housing will be repaid? Provide the written guarantee for the record.
Answer: NATO is providing upfront funding for the family housing and the U.S. will repay the program over a period of about ten years.

Question: Will construction be necessary to support the relocation of the 16th Air Force Headquarters and the Military Air lift Command missions and the hospital from Torrejon?

a. What is the estimated cost for each?

b. Has the United States requested NATO to pay for this construction?

Answer: A hospital will be constructed at Crotone with NATO funds. Construction costs for the relocation of the 16th Air Force HQ are estimated at $8 million while new facilities for the MAC mission are estimated at $10 million. Accurate costs will not be available until final decisions are made regarding relocation sites. NATO agreed to fund only the relocation of the 401st TFW. The decision to vacate Torrejon and relocate remaining activities such as the 16th Air Force HQ and MAC was a unilateral U.S. action and, therefore, will require appropriated funds. Maintaining these activities at Torrejon would incur significant operational inefficiencies, in additional to prohibitive long term operating and maintenance costs.

ALTERNATIVE FORCE STRUCTURE STUDY

Question 1:

Two years ago, the Committee required the Department to submit an alternative force structure study. Following is a letter from the Joint Staff concerning this study. When will the study be provided to the committee?

9 December 1988

Senator Jim Sasser
Chairman
Subcommittee on Military Construction
Senate Appropriations Committee
Washington, DC 20510

Dear Mr. Chairman:

This letter is pursuant to our correspondence of 7 April 1988 in which we offered an interim report in response to the requirement set forth in Senate Report 100-200 (accompanying the Military Construction Appropriations Bill for 1988) "to provide a detailed report outlining alternative overseas force structures for achieving net reductions in US defense spending." As you recall, the final report will be based on an analysis of alternate force structures conducted as part of the Chairman, Joint Chiefs of Staff, Net Assessment for Strategic Planning (CNASP). We plan to submit the CNASP to the Secretary of Defense on 1 May 1989, and our report to you will follow shortly thereafter.

In conducting a study of alternative force structures featuring replacement of overseas active forces with reserve forces as allies assume more military missions abroad, our starting point has been US National Strategy. The national military strategy seeks to deter war while maintaining a secure democratic environment within which the United States, its allies, and friends can pursue their legitimate interests. The elements of US military strategy include strong alliances and forward deployed forces.

The shared values and combined economic strength of friendly countries provide a firm basis for effective collective security among the NATO nations, Pacific nations, and US allies elsewhere. The Warsaw Pact has fielded large armed forces with modern conventional, chemical, and nonstrategic nuclear weapons. The United States alone cannot match these forces in numbers. US allies make significant contributions to deterrence and combat capability by providing weaponry, well-trained manpower, facilities, and control of key geographical areas, thereby enabling the Free World to meet Soviet challenges.

The United States employs a peacetime forward-deployed strategy that contributes to a stable and democratic political environment and minimizes Soviet influence in Europe and the Pacific. US peacetime forward-deployed forces maintain a high state of readiness through combined and joint training exercises and serve as a strong deterrent to Soviet ambitions. US withdrawal, whether voluntary or forced, would leave Europe and the Pacific vulnerable to Soviet hegemony. Any alternative force structure must be evaluated in terms of its effect on US forward-deployed strategy, the vulnerability of US allies, and on the perceptions created with regard to US resolve.

In the course of conducting the alternative force structure study, we are deriving some benefit from other studies that are in various stages of completion. These studies concerning overseas basing, allied burdensharing, and task specialization in NATO may reveal mission areas in which certain tasks and burdens could be assumed by the allies and certain bases that may be closed.

As of this date, we have identified candidate force structures for analysis within the CNASP, and we are in the midst of the study coordination process. Portions of our planned methodology are highlighted below.

National Military Strategy. The standard against which the alternative force structures are being judged is their impact on our ability to execute the national military strategy. Analytically, the alternative force structures will be compared to the baseline or POM forces and judgments made as to their impact on both deterrence and warfighting. Assessments will be made assuming that our allies (in Europe or Japan and/or Korea) will replace US forces and, alternatively, that withdrawn US forces will not be replaced.

Political Acceptability. The political acceptability of candidate force adjustments to our various allies is being evaluated, and the likelihood that they will assume the additional responsibilities to compensate for the reduction in US overseas deployments will likewise be appraised. Additionally, the alternative force structures will be judged in terms of their possible impact on conventional arms control.

Overseas Base Closure. The impact of these adjustments to overseas force deployments on the requirement for overseas bases is also being considered. The potential for consolidation of forces is being evaluated, and the prospects for closing overseas bases will be judged.

Mobilization and Deployment. Based on the degree the allies assume the responsibilities formerly borne by the United States, removal of forces from overseas and the transfer of forces to the reserve components is being assessed in terms of impact on mobilization time and strategic lift requirements.

Cost. The cost associated with each force adjustment is being analyzed. These costs will include those associated with personnel (such as COLA, associated TDY, and PCS), operations and maintenance, prepositioned equipment and material, additional training equipment, base closures, additional strategic lift, CONUS MILCON and stationing, and other costs that might apply.

Because this study has been included as one of the Chairman's options for his FY 1989 Net Assessment for Strategic Planning, it is receiving both computer analysis and subjective assessment and will be coordinated with the Services and the CINCs. This study, although just entering the more formal analysis and assessment phase, is proving to be both challenging and stimulating.

Sincerely,

Richard B. Goetze, Jr.

RICHARD B. GOETZE, JR.
Major General, USAF
Vice Director, The Joint Staff

Answer:

The final report will be based on an analysis of alternate force structures conducted as part of the Chairman, Joint Chiefs of Staff, Net Assessment for Strategic Planning (CNASP). We plan to submit the CNASP to the Secretary of Defense on 1 May 1989, and our report to the committee will follow shortly thereafter. We plan to submit the report to the committee by 1 July 1989.

Minor Construction

Question: The Department is seeking to increase the limit on minor construction from $1 million to $1.5 million. Why is this increase desired?
Answer: Raising the unspecified minor construction threshold from $1.0 million to $1.5 million will offset the effect of inflation since 1982, provide flexibility, and enhance execution while continuing congressional oversight through the reporting requirements of 10 U.S.C. 2805, subsection b.2.

Question: What is the criteria for building a project utilizing minor construction?
Answer: Minor construction projects must satisfy 10 U.S.C. Section 2805. They must be a single undertaking at a military installation to prevent incremental construction and have an approved cost equal to or less than $1,000,000, as currently specified in public law. The construction cannot be for new Family Housing. This authority is used for unforeseen, urgent projects that cannot wait for the routine Military Construction budget cycle.

Question: Please list specific instances by date where the current threshold was insufficient to program an unanticipated project utilizing minor construction.

Answer:

During Fiscal Year 1989:

Army Response. Army Materiel Command (AMC) procurement of the Family of Scatterable Mines (FASCAM) weapons system required that a test facility be constructed at Jefferson Proving Ground for $1.25 million. The project exceeded the UMMCA threshold so action was directed toward emergency construction authority. This action is currently on hold pending congressional action on the Base Realignments and Closure recommendations.

At Fort Lewis, a central assembly facility estimated at $1 million is required for the airborne deployment of special forces from a concealed location. This includes a ready building, warehouse, and covered vehicle storage required to support training and battalion deployment. Because of the threshold, only the ready building which provides safety for the soldiers can be constructed with UMMCA funds. The remaining facilities - warehouse and covered vehicle storage - will have to be programed in a future budget. This means that time-constrained and manpower-intensive operational conditions and the inability to conceal operations from Soviet satellite and public observance will continue.

In Fiscal Year 1987:

Army Response. At Fort Huachuca, Army Material Command (AMC) withdrew a test facility modernization project from the fiscal year 1987 UMMCA because the project was estimated at $1.4 million. The project was then programed in the Fiscal Year 1989 MCA Budget. As a result, testing continued to be affected by unshielded ambient radio frequency environment which also allowed electromagnetic signals to continue to be emitted from items under test with a high risk of enemy surveillance.

Navy Response. Specific instances where the current threshold was insufficient are listed below for the fiscal years 1987 through 1989. No records are available for the fiscal years prior to 1987.

FY	PROJ	DESCRIPTION	COST ($000)	DATE
87	P-264	Pier B Dredging NSY Puget Sound, WA	1,350	8 Dec 86
88	P-845	Electrical Connections NAVBASE Charleston, SC	1,452	28 Oct 88
89	P-254	Drydock 2 Superflooding Modifications, Puget	1,483	3 Mar 89
		Sound, WA	1,350	8 Dec 86

Air Force Response. The Air Force strictly adheres to the statutory $1M limit on unspecified minor construction, thus we will not submit projects over $1M. Our MAJCOMs knowing this do not submit projects over $1M. In FY90 and FY91, 75 projects in the MilCon totalling over $94M fell into the category of $1-1.5M. Some of these may have been unanticipated projects, but the MAJCOMs would have to find temporary work arounds. There is not real data available.

Question: If the current threshold is increased for minor construction, will the threshold for operations and maintenance minor construction also be increased?
Answer: A legislative proposal was submitted to amend 10 U.S.C. Section 2805, subsection (c) by striking "$200,000" and inserting in lieu thereof "$300,000".

Question: Why does the Department seek an increase in the O&M minor construction limit?
Answer: Raising the unspecified operations and maintenance construction threshold from $200,000 to $300,000 will offset the affect of inflation since 1982.

Question: Provide a list of projects accomplished with O&M minor construction during the last three years, including projects currently under construction, at the following bases: MacDill Air Force Base, Offutt Air Force Base, Wright-Patterson Air Force Base, Fort Riley, Fort Drum, Fort Irwin, Orlando Naval Training Center, Kings Bay Naval Base, and Miramar Naval Air Station. For each of the O&M minor construction projects listed include a brief description, the cost and the size in square feet.

Answer: The Army response.

Projects by installation and fiscal year are provided as follows:

OPERATION AND MAINTENANCE MINOR CONSTRUCTION

DESCRIPTION	$000	SQ. FT.
Fort Riley		
FY 1986		
Total RPMA	$34,977.3	
Renovation of Building 1470	199.2	17,960
Install security Locks Building 801	199.2	
Alterations to Building 7612	157.2	41,892
Construct Tank Trail Red	199.7	
Construct Tank Trail Yellow	124.7	
Construct Tank Trail Green	110.8	
Construct Roads and Streets	115.1	
73 Other Projects less than $100,000	902.5	
FY 1987		
Total RPMA	$42,413.8	
Modification to Building 129	138.6	14,181
Upgrade Building 245	140.0	2,770
Install Taxiway Lighting	147.8	
Upgrade Electric Systems	162.9	
Elevate Course Road, Range 18C	183.6	
Unit Fire Training Site	198.1	
Construct Building Addition (2585)	90.4	2,266
Modernize Heating and Cooling Systems	91.1	
Cluster Hill Land Fill Expansion	91.8	
89 Other Projects less than $100,000	1,409,2	
FY 1988		
Total RPMA	$29,519.6	
SCIF Building Addition (7958)	159.3	2,000
Construct 2 Classrooms Range 18C	129.8	2,400
Construct Learning Center, Building 8044	185.4	2,466
Construct Fire Training Pit	175.2	

DESCRIPTION	$000	SQ. FT.
Install Energy Monitoring Systems	134.6	
Install Freezers	187.7	
Upgrade Heating and Cooling Systems	139.2	
Upgrade Tank Trail Green	96.0	
Install Smoke Detectors	92.1	
72 Other Projects less than $100,000	412.9	
Fort Drum		
FY 1986		
Total RPMA	$16,656.1	
Renovation of Kitchen, Building T-2139	100.0	5,790
Renovation of T-1, T-9 and Holding Cell	189.9	5,190
Insulate Storage Facilities in 4 Buildings	178.5	22,800
Construct Parking Lot O-Area	162.7	
Construct Parking Lot P-175	134.0	
Rehab Barracks Phase VII	124.3	
28 Other Projects less than $100,000	1,556.0	
FY 1987		
Total RPMA	$30,364.9	
Commissary Improvements	141.0	9,000
Rehab Bks for Finance & Acctg w/ext. Vault	106.4	5,310
Construct Security Guard Bldg at Ammo Supply	154.0	550
Construct Storage Building	100.1	5,000
Construct Field Latrines	162.1	
Rehab Bldg 4871 for CID Office	164.3	5,310
Const Perimeter Lighting at Field Ammo Supply	187.4	
Construct NBC Warfare Training Facility	190.9	1,800
Construct Parking Lot in 100 Area	132.2	
35 Other Projects less than $100,000	1,493.3	
FY 1988		
Total RPMA	$23,080.9	
Build Battalion Bivauac Site	108.4	
Construct Kennels/Military working Dogs	178.6	1,670
Construct Miles Storage Building	149.9	5,000
Correct Safety Deficiencies	106.1	
Construct Ammo Salvage Building	167.5	5,000
Site Prep for Non-Directional Beacons	161.3	
21 Other Projects less than $100,000	893.0	
Fort Irwin		
FY 1986		
Total RPMA	$20,752.6	
Publishing and Printing Center	118.2	4,320
Modular Building - Military Personnel AG	161.8	5,760

DESCRIPTION	$000	SQ. FT.
Modular Building - AG Personnel Services	157.6	5,760
Modular Building - Operations Group	192.4	6,480
Pre-engineered Building - 203 MI	198.2	6,400
Modular Building - SJA	141.8	5,040
Modular Building - Library	136.9	5,040
Modular Building - Range Control	160.4	5,760
Pre-Engineered Building - DX Yard	169.8	13,125
Modular Building - MMC	160.5	5,760
Modular Building - BN Aid Station	160.7	5,760
Pre-Engineered Building - CRP Storage	198.8	13,125
Pre-Engineered Building - MRE Storage	198.8	5,625
Pre-Engineered Building - Miles Storage	198.8	13,125
Modular Building - DOL ITO	160.4	5,760
Modular Building - DOL Sup/SVC	160.4	5,760
Modular Building - DPTM Security	121.8	4,320
7 Other Projects less than $100,000	421.1	
FY 1987		
Total RPMA	$28,145.5	
Construction Golf Driving Range	197.4	
Sanitary Landfill Dike	96.2	
Modular Building - AF Operations	146.0	5,760
Modular Building - 247 ADM/SUP	100.2	3,600
Modular Building - 247 Ready Room	108.7	3,600
Modular Building - 177 FSB	146.8	5,760
Modular Building - 87 EN Co Operations	113.8	4,320
Modular Building - HHC FSB Co/Ops	113.8	4,320
Modular Building - 355 MI Co/Ops	113.8	4,320
Modular Building - S & T Co/Ops	113.8	4,320
Modular Building - 581 Co/Ops	113.8	4,320
Modular Building - HHC Bde Ops	113.8	4,320
Modular Building - CMDSA	105.3	3,600
Modular Building - Fire Spt Team	154.4	6,480
Modular Building - Video Section	146.4	5,760
Modular Building - Lessons Learned	143.3	5,760
Modular Building - Support Division	149.4	5,760
Modular Building - BDE Logistics	150.0	5,760
Modular Building - Ops Group HQ	147.6	5,760
Modular Building - Dragons	154.4	6,480
Modular Building - Black Team	154.4	6,480
Modular Building - Cobras	154.4	6,480
Modular Building - Plans and Operations	154.4	6,480
Modular Building - Infantry Trng Facility	154.4	6,480
Modular Building - DPTMSEC Security	125.8	4,320
Modular Building - Classrooms	135.4	5,040
Printing Plant Building	189.6	5,000
6 Other Projects less than $100,000	340.0	

DESCRIPTION	$000	SQ. FT.
FY 1988		
Total RPMA	$19,536.3	
48 Projects less than $100,000 (No projects more than $100,000)	1,816.8	

Answer: Navy response.

O&M minor construction data for Orlando Naval Training Center, Kings Bay Naval Base, and Miramar Naval Air Station are provided.

SPECIAL PROJECTS

PROJ NO.	TITLE	($000)	SQ. FT.
NAS Miramar			
FY 1986			
RC18-83	Alter Range	133.0	1,200
C6-82	Lighting System	163.0	N/A
C1-8	Fire Pro CPO	112.0	9,800
C8-81	Fire Alarm System	69.0	39,000
RC6-83	Alter UEPH	76.0	19,360
RC9-83	Alter Hangar 2	174.0	17,400
RC8-83	Alter Hangar 1	175.0	17,400
CR5-84	Reloc North Gate	109.0	N/A
FY 1987			
C4-79	Expand Locker Room	79.0	540
RC4-83	Alter Hangar 4	165.0	17,400
RCM30-79	Alter UOPH	90.0	N/A
C7-81	Inst Fire Alarm System	118.0	N/A
C17-87	Alter Spray Booth	32.6	200
RC10-84	Flightline Sec FNC	110.0	N/A
FY 1988			
RC8-83	Inc Fir Alrm Con Pnl Den	2.4	N/A
RC25-84	Alter Fuel Frm/Strg	101.0	N/A
RC36-84	Alter Asphalt Pavement	54.0	N/A
RC3-87	Alter Electrical System	26.0	N/A
RC4-87	Alter Electrical SYV	40.0	N/A
RC5-87	Alter Electrical SVC	56.0	N/A
Sub Base Kings Bay			
FY 1986			
C18-87	Con Hard NSC Purchase Office bundered, reinforced concrete	179.0	600
FY 1987			
C8-84	Auto Hobby Shop, Car Wash	141.2	600

		($000)	SQ. FT.
FY 1988			
C4-85	Truck Weight Scale 60 Ton	155.7	6,000
C6-85	Equipment Maintenance Shop Bridge Crane & Truck Lift	132.6	N/A
CR1-85	Renov Bldg 2012	113.8	N/A
C2-87	Erect Shed Haz Waste Stage Area	100.0	N/A
C4-86	Maint Wash Bay Improvement	43.8	N/A

Orlando Naval Training Center

FY 1986/1987/1988

C26-82R	Construct Trac Park Pads	170.2	N/A
C6-83	Alterations to EM Club Cafeteria (modify existing areas)	96.0	N/A
C58-85R	Construct Beach House/ Picnic Shelter	139.0	4,060
C4-86	Install Smoke Detectors	121.6	N/A
C20-84	Install Smoke Detectors 12 BOQs 560 Rooms	113.0	N/A
CR15-86	Alterations/RPRS Comp Bldg 2434 (1250SF new partitions & 250LF dividers)	97.2	N/A
C39-86	Alter Bldg 2011 (wall and 17 doors)	90.2	30,000
C48-86	Addn to Clean Car Center B133 (1,020 SF Washing stalls, 2688 SF dry stalls and 1,820 SY asphalt pavement CCB Labor)	121.0	3,708

Answer: The Air Force response.

The following information is provided for Offutt AFB, MacDill AFB, and Wright-Patterson AFB.

Offutt AFB

FY 1986

Alter Electrical Distribution	109.9	N/A
Alter Base Engineer Mezzanine	164.5	"

In FY86 there were 7 projects under $100K totaling $178.6K

FY 1987

Alter Nelson Drive	199.5	N/A
Construct Visitor Pass & ID North Rd	185.8	"
Alter Parking Lots (Bldg 40, 49,88)	165.4	"
Alter Parking Lot (Bldg 301)	199.5	"
Alter Operations Apron and Taxiway	116.5	"
Construct Visitor Pass & ID South Rd	181.1	"

In FY87 there were 3 projects under $100K totaling $114.2K

FY 1988

	$000	SQ. FT.
Alter Ground Power Facility	145.9	"
Construct LOX Storage Area	191.9	"
Alter Intelligence Operations Center	138.1	"
Alter Base Operations	155.0	"
Correct Life Safety Discrepancies	142.4	"
Construct Law Center	199.0	"
Alter Parking Lot (Bldg 305)	158.6	"
Alter Photo Lab	128.4	"

In FY88 there were 7 projects under $100K totaling $309.4K

MacDill AFB

FY 1986

	$000	SQ. FT.
Install Oil/Water Separator	161.8	N/A
Construct Hazardous Waste Storage	146.2	"
Alter NCO PME School	192.0	"
Alter Base Supply	198.2	"
Alter Mall Parking Lots	118.8	"

In FY86 there were 10 projects under $100K totaling $471.1K

FY 1987

	$000	SQ. FT.
Alter Group Headquarters	190.0	N/A
Alter Physical Fitness Center	169.0	"
Alter Engine Inspection and Repair	192.0	"
Construct Golf Course Maint Facility	120.0	"
Construct OSI Facility	200.0	"

In FY87 there were 11 projects under $100K totaling $402.4K

FY 1988

	$000	SQ. FT.
Construct Vehicle Operation Facility	181.2	N/A
Add to Squadron Operations 61/62TFTS	187.3	"
Add to Squadron Operations 63/72TFTS	177.0	"
Add to F-16 Academics Facility	185.1	"
Alter Weight Training Room	140.6	"
Construct Child Development Center	198.2	"

In FY88 there were 12 projects under $100K totaling $542.6K

Wright - Patterson AFB

FY 1986

	$000	SQ. FT.
Alter Facility for Micrographics	133.5	N/A
Construct Television Production Facility	192.6	"
Install Fire Detection System	168.5	"
Alter Facility for NCO Open Mess	198.2	"
Alter Mall Parking Lots	199.5	"
Construct Vault	132.1	"
Construct Softball Diamonds	151.1	"

	$000	SQ. FT.
Add to Flywright Club	186.2	"
Construct Aerialport Support Facility	110.0	"
Construct Vestibule/Exit Stairs	180.0	"
Alter VOQ	137.0	"
Modify Clean Room	156.8	"
Upgrade for Security	184.7	"
Modify Office for Deputy Strategic Ops	189.0	"
In FY86 there were 63 projects under $100K totaling $2,618.5K		
FY 1987		
Convert Vehicle Maintenance Shop	189.0	N/A
Alter Facility for Controlled Environment	142.3	"
Install Fire Detection System	168.5	"
Install Roof Covers Fuel Storage	174.3	"
Add to Storage	133.9	"
Enlarge Paint Spray Booth	132.0	"
Restore Laser Site Area C	185.0	"
Construct Recreation Facility	199.9	"
Construct Parking Lot 4	197.9	"
Widen/Realign Taxiway 7	191.7	"
Construct Generator Room	199.0	"
Install Sidewalks/Curbs/Gutter	149.6	"
Add to Fire Station	189.1	"
Install Isolated Watering	197.5	"
Add to Bldg 4008	190.0	"
Add to Warehouse	185.8	"
Modify Electronic Lab	186.0	"
Site Preparations for Relocatables	189.2	"
Modify HQ Facility	117.8	"
Correct Safety Items	108.2	"
Construct Locker Room	190.0	"
Upgrade Air Conditioning	100.1	"
Renovate Bays 9 and 10	112.4	"
Upgrade Vault	112.4	"
Remodel Mezzanine	181.5	"
In FY87 there were 56 projects under $100K totaling $2,425.5K		
FY 1988		
Construct Marksmanship Training Facility	195.9	N/A
Install Generator for Telephone Exchange	123.6	"
Add to Band Facility	183.8	"
Construct Offices	150.0	"
Install Aircraft arresting Barrier	199.0	"
Constrct Fuel Truck Parking	193.0	"
Alter Facility 11420	157.4	"
Modify Rooms Bldg 856	168.0	"
Construct Incinerator	180.8	"
Construct Storage Building	193.9	"
Renovate Lobby/Reception Area	175.0	"
Const Addition to Foreign Technology Div	121.2	"

	$000	SQ. FT.
Modify Offices for Deputy Strategic Ops	131.9	"
In FY88 there were 48 projects under $100K totaling $1,919.1K		

Panama

Question: The conferees on the Military Construction Bill for fiscal year 1989 directed the Department to submit a reprogramming request, utilizing section 2803 authority, to provide funding for support facilities for a special warfare unit in Panama. What is the status of this reprogramming?

a. Testimony last year indicated this project to be a high priority of the Department. If it is being cancelled, what has changed to reduce the priority previously assigned to the project?

Answer: The reprogramming was forwarded on March 31, 1989. It remains a high priority project.

Question 3: The latest five-year plan states that military construction projects could be requested in future budgets for Panama if such construction is "self-amortizing by the elimination of O&M costs." What is meant by that statement?

Answer: There are some unique or one-of-a-kind facilities that serve the U.S. community in Panama. An example is the very large cold storage plant at Corozal. At some point in the Treaty implementation process, it may become cheaper to open a small plant at Howard AFB than it would be to continue to operate the older plant with its high O&M costs. This type of justification could be applied to various types of facilities or installations.

Question 3a: What are the requirements of the Treaty? What units and installations must be eliminated and transferred to the Government of Panama?

Answer: The Panama Canal Treaty requires that the Canal, as well as all military installations, be turned over to Panama by noon on 31 December 1999. Further, all U.S. military forces must depart Panama at that time. Significant planning is in progress within DOD to that end. In fact, in accordance with the National Defense Authorization Act for FY89, DOD has submitted its policy and plan for withdrawal from Panama to the Committees of the Armed Services of the Senate and the House of Representatives.

See attached Public Affairs guidance on the Treaty Implementation Plan.

(BEGIN TEXT) QUARRY HEIGHTS, PANAMA--DECEMBER 8--IN CONTINUATION OF THE IMPLEMENTATION OF THE PANAMA CANAL TREATY OF 1977--WHICH HAS BEEN ONGOING OVER THE PAST NINE YEARS, THE UNITED STATES DEPARTMENT OF DEFENSE HAS ANNOUNCED SOME PRELIMINARY DETAILS OF INITIAL PLANNING FOR THE WITHDRAWAL OF U.S. MILITARY PRESENCE FROM PANAMA BY DECEMBER 31, 1999, AS REQUIRED BY THE TREATY.

ON THAT DATE, THE REPUBLIC OF PANAMA WILL ASSUME RESPONSIBILITY FOR THE DEFENSE AND PROTECTION AS WELL AS OWNERSHIP, OPERATION, AND MAINTENANCE OF THE 50-MILE-LONG PANAMA CANAL, AN IMPORTANT TRANSPORTATION UTILITY SERVING THE MARITIME NATIONS OF THE WORLD SINCE ITS OPENING TO WORLD COMMERCE IN 1914.

AFTER 1999, UNLESS OTHERWISE AGREED BY THE UNITED STATES AND PANAMA, ONLY PANAMA WOULD MAINTAIN MILITARY FORCES, DEFENSE SITES, AND INSTALLATIONS WITHIN ITS NATIONAL TERRITORY. UNDER THE TREATY CONCERNING THE PERMANENT NEUTRALITY AND OPERATION OF THE PANAMA CANAL, THE UNITED STATES, ALONG WITH PANAMA, WILL CONTINUE TO BE COMMITTED INDEFINITELY TO MAINTAIN THE REGIME OF NEUTRALITY AS ESTABLISHED BY THAT TREATY TO ASSURE THAT THE CANAL REMAINS SECURE AND OPEN TO SHIPS OF ALL NATIONS ON A NONDISCRIMINATORY BASIS. TAKEN TOGETHER, THESE TWO TREATIES PROVIDE THE FRAMEWORK FOR THE UNITED STATES AND PANAMA TO PERMANENTLY PROTECT THE SECURITY OF THE PANAMA CANAL AND TO ASSURE ITS CONTINUED OPERATION.

PRELIMINARY STUDIES AND PLANNING SINCE EARLY 1986 HAVE RESULTED IN THE RECENTLY APPROVED DEPARTMENT OF DEFENSE'S PRELIMINARY TREATY IMPLEMENTATION PLAN, AN INITIAL BLUEPRINT FOR AN ORDERLY PHASED ITHDRAWAL FROM PANAMA. EXTENSIVE LONG-RANGE PLANNING IS ESSENTIAL FOR SUCH AN EFFORT TO ACCOMPLISH A WITHDRAWAL WITHOUT AFFECTING THE UNITED STATES' PRIMARY RESPONSIBILITY UNDER THE TREATY FOR THE DEFENSE AND PROTECTION OF THE CANAL. IN ADDITION TO SOME 10,000 U.S. MILITARY PERSONNEL ASSIGNED TO THE U.S. SOUTHERN COMMAND IN PANAMA, THE WITHDRAWAL WILL AFFECT TEN MAJOR U.S. MILITARY INSTALLATIONS AS WELL AS A NUMBER OF OTHER MILITARY FACILITIES THERE. ALL THOSE INSTALLATIONS AND FACILITIES WILL BE TRANSFERRED TO THE GOVERNMENT OF PANAMA BY THE END OF THE CENTURY IN THE SAME MANNER AS WAS DONE FOR THE TREATY-MANDATED TRANSFERS OF U.S. MILITARY PROPERTY FROM 1979 THROUGH 1984.

THE PRELIMINARY PLAN WAS DEVELOPED BY THE JOINT CHIEFS OF STAFF IN CONJUNCTION WITH HEADQUARTERS, U.S. SOUTHERN COMMAND AND ITS COMPONENT SERVICES AND THE OFFICE OF THE SECRETARY OF DEFENSE. THE DEPARTMENT OF THE ARMY HAS BEEN DESIGNATED EXECUTIVE AGENT TO COORDINATE FOLLOW-ON PLANS AND THOSE FISCAL AND LOGISTICAL REQUIREMENTS WHICH ARE NOT UNIQUE TO A SPECIFIC MILITARY SERVICE. PLANNING WITH NUMEROUS OTHER DEPARTMENT OF DEFENSE ORGANIZATIONS HAS BEGUN. THE JOINT CHIEFS OF STAFF WILL OVERSEE TREATY IMPLEMENTATION ISSUES THROUGH A WORKING GROUP CHAIRED BY ITS JOINT STAFF REPRESENTATIVE. SERVICE-UNIQUE REQUIREMENTS WILL BE PROGRAMMED, BUDGETED, AND EXECUTED BY EACH SERVICE.

HEADQUARTERS, U.S. SOUTHERN COMMAND HAS ESTABLISHED A TREATY IMPLEMENTATION PLANNING GROUP TO COORDINATE PLANNING FOR CONTINUED IMPLEMENTATION OF THE TREATIES. THIS GROUP IS THE U.S. SOUTHERN COMMAND'S INTERFACE WITH THE EXECUTIVE AGENT FOR CONTINUED TREATY IMPLEMENTATION PLANNING (THE DEPARTMENT OF THE ARMY), THE JOINT CHIEFS OF STAFF, AND THE OFFICE OF THE SECRETARY OF DEFENSE.

THE TREATY REQUIREMENT FOR CESSATION OF U.S. MILITARY PRESENCE IN PANAMA AT THE END OF THE CENTURY DOES NOT IMPLY TERMINATION OF THE U.S. SOUTHERN COMMAND, THE REGIONAL UNIFIED COMMAND RESPONSIBLE FOR ALL U.S. MILITARY ACTIVITIES IN CENTRAL AND SOUTH AMERICA BELOW MEXICO. THE U.S. SOUTHERN COMMAND WILL CONTINUE AS A REGIONAL UNIFIED COMMAND WITH REGIONAL RESPONSIBILITIES IT HAS HAD FOR MANY YEARS. THE UNITED STATES WILL CONTINUE TO DEMONSTRATE ITS RESOLVE TO SUPPORT THE NEUTRALITY AND OPERATION OF THE PANAMA CANAL PLUS THE SECURITY INTERESTS OF THE COUNTRIES OF THE REGION AND THE UNITED STATES. (END QUOTE)

Question 3b: Has a schedule for withdrawal been determined?

Answer: The Joint Staff has developed a preliminary plan for the orderly withdrawal of all U.S. forces from Panama which was approved by the Office of the Secretary of Defense. The current political uncertainties in Panama and on-going changes to the DOD budget and program make this plan subject to revision. Although in accordance with the Treaties all forces will be withdrawn by 31 December 1999, no specific dates of individual unit movements have been set.

Question 3c: Why should the Congress provide any new military construction in Panama in view of the requirements of the Treaty to reduce the U.S. military presence?

Answer: Continued military construction in Panama is very important. First, we have a primary Canal defense responsibility through 1999 under the Panama Canal Treaty and permanent defense responsibilities beyond the turn of the century under the Neutrality Treaty. Military construction projects there support many of the operational aspects of that mission and facilitate others throughout the region. Second, we have a commitment to provide good care (a good quality of life) for our soldiers and families serving our nation in Panama. This includes good quarters, mess facilities, schools, places to buy needed goods, and a secure community outside the arm of Noriega's harassment.

Question 3d: Has a study on alternative locations for the Southern Command been initiated?

Answer: Yes. The Department of the Army, which is the SecDef-designated Executive Agent for Treaty Implementation, is currently working with Mobile District Corps of Engineers to find a location for USSOUTHCOM Headquarters in CONUS. All work on this task is on schedule and a new site announcement is expected sometime in July 1989.

Question 3e: Where will SOUTHCOM move?

Answer: It is difficult to say at this time. However, preliminary assessments indicate that the new Headquarters will be located within CONUS, probably on an existing military base in the Southeastern United States. A site selection study is currently in progress and the results are expected by July 1989.

Question 3f: What military construction costs will be associated with moving SOUTHCOM?

Answer: The construction requirement to move SOUTHCOM Headquarters can only be determined after site selection is completed. If adequate facilities are vacant and available, the cost could be small, if all new construction is required, the cost for the Headquarters alone could be in the $20 million range.

Honduras

Question 4: Last year the conferees in the FY 1989 Bill directed the Department to withhold obligation of funds for FY 1988 and FY 1989 to provide modular barracks at Palmerola Air Base, Honduras, until the new Administration certified its position on the projects. Have these projects been obligated?

Answer: No.

Question 4a: When will the Committees receive the report required by the conferees?

Answer: We fully expect to have the required Notification to Congress by 15 April 1989.

Question 5: Has the United States concluded any new understandings or agreements with the Govment of Honduras which relates to base access? If so, what are the new provisions?

Answer: Three major protocols to the Bilateral Military Assistance Agreement of 1954 have been negotiated since 1985. These protocols do not establish U.S. bases in Honduras; the United States has no permanent military facilities there, nor do we seek to establish any. The protocols cover, respectively:

I - Criminal jurisdiction over U.S. personnel; signed in 1985, ratified by Honduras, and in effect since 1987. It provides for shared criminal jurisdictional arrangements similar to those of NATO.

II - Military exercises, including entry of personnel, aircraft and ships. This was also signed in 1985, and awaits ratification by the Honduran Congress.

III - Construction and use of Honduran military installations by U.S. forces, including airfield repair and maintenance. This has been initialed, but not yet signed or ratified.

Question 5a: Does the United States seek any renegotiation of the existing base agreement? Why?

Answer: No. The U.S. military presence in Honduras is governed by the 1954 Bilateral Military Assistance Agreement, as modified by a 1982 Annex, the protocols referred to above, and certain technical arrangements conducted pursuant thereto. We are satisfied with their provisions. U.S. military forces use Honduran military facilities as guests of the Government of Honduras.

Question 5b: Does the United States see Honduras as a potential location for SOUTHCOM?

Answer: No consideration is being given to Honduras as a site for the U.S. Southern Command. The protocols, which have been under discussion since 1985, are unrelated to developments in Panama.

Question 5c: Specifically, what construction is permitted under the existing agreement?

Answer: Under existing agreements, the U.S. may undertake such construction as may be necessary for the use of and improvement of certain designated Honduran airfields. The only restriction on the type of construction allowed is that all construction must be approved by the Government of Honduras.

Question 6: The Army requests $2.4 million for facility improvements at Palmerola Air Base (Soto Cano). Will this complete the Palmerola replacement project?

Answer: Yes.

Question 6a: Will all construction throughout the three phases of the project be modular construction?

Answer: Yes, all three phases of the project have been designed to utilize metal building components that can be readily disassembled, if that should become necessary.

Question 6b: Will the Palmerola project result in an increase in U.S. PCS personnel being stationed in Honduras?

Answer: No, the project is intended only to replace the existing Central American Tropical, or CAT, huts.

Question 6c: Will the Palmerola replacement result in an increase in the number of exercise personnel being rotated in Honduras?

Answer: No, the number of exercise personnel is independent of the number of relocatable buildings.

Question 6d: Describe, in detail, the number of personnel the existing CAT huts can accommodate. How many personnel spaces will be accommodated in the new modular construction?

Answer: There are about 200 CAT huts used for billeting and they house the 1100 personnel that are at JTF-Bravo at any given time.

The current projects are designed for 300 personnel spaces per phase. Actual dormitory utilization will depend on the rank and status of the occupants.

Question 6e: Under what agreement with the Government of Honduras is this construction being undertaken? Provide the appropriate section of the agreement for the record.

Answer: Construction is being requested under the 1982 Annex to the 1954 Bilateral Military Assistance Agreement. The applicable section is paragraph 1.A, which reads as follows:

"To the extent agreed between the Governments of the United States of America and Honduras, the United States will undertake a program for the improvement of existing facilities at the Honduran aerial ports of Palmerola, Goloson, and La Mesa, and at such other aerial ports as the two Governments may subsequently agree; as well as the construction of new facilities and installation of equipment as may be necessary for their use."

Question 6f: Will these facilities be removed once the United States reduces its exercise presence in Honduras or does the U.S. intend to leave these structures behind for the benefit of the Government of Honduras?

Answer: The facilities will be used for the continuing presence of U.S. military personnel. Should that situation change and U.S. troops be withdrawn, the buildings can be dismantled and removed for storage or reassembly. The other alternative is to leave them in place as a contingency base camp to compliment the existing aircraft parking ramp, revetments and fuel tanks. There is no intent to leave them solely for the benefit of the Government of Honduras.

Question 7: The FY 1990 request includes $10.2 million for repairs to La Mesa airfield. Is this the San Pedro Sula International Airport?

Answer: Yes. La Mesa Air Base is colocated at the international airport of San Pedro Sula.

Question 7a: To what extent is La Mesa currently being utilized to support exercises?

Answer: Since the U.S. Air Force engineering survey in 1986 identified the deterioration of the airfield subgrade, Air Force C-141 aircraft have been precluded from use at La Mesa. Major exercises in Honduras utilize the C-141 for deployment and redeployment as the most efficient aircraft. Opportunities to use La Mesa since 1987 to support exercises in the Northern sections of Honduras such as Fuertes Caminos have been lost. C-130 aircraft will operate from La Mesa during AHUAS TARA 89 this spring to conduct simulated strategic medevac operations. Similar use of La Mesa by C-130 aircraft is planned for FY 1990.

Question 7b: (U) The five-year plan indicates the project would permit contingency use. Why aren't existing facilities adequate? What specifically cannot be supported at La Mesa without this project?

(U) The January 1987 Air Force Engineering and Services Center report on airfield pavement evaluation on Honduran airfields in part stated that La Mesa Air Base was in poor condition, having medium and high severity distresses resulting in considerable maintenance and operational problems, with portions of the runway having already failed. Subsequently in March 1987, the Headquarters, Military Airlift Command, notified U.S. Southern Command that La Mesa was no longer suitable for C-5 and C-141 aircraft use and use of La Mesa by jet aircraft should be restricted.

(S) (Deleted.)

Question 7c: If this is a repair project as indicated in the five-year plan, why is it being requested under military construction?

Answer: The project is for total replacement of the asphalt surface. The USAF chose to request MILCON funds because of the magnitude of the project, to avoid the appearance of circumventing Congressional review, and because of other competing priorities for O&M funds.

Question 7d: Under what agreement with the Government of Honduras is this construction being undertaken? Provide the appropriate section of the agreement for the record.

Answer: Construction is being requested under the 1982 Annex to the 1954 Bilateral Military Assistance Agreement. The applicable section is paragraph 1.A which reads as follows:

"To the extent agreed between the Governments of the United States of America and Honduras, the United States will undertake a program for the improvement of existing facilities at the Honduran aerial ports of Palmerola, Goloson, and La Mesa, and at such other aerial ports as the two Governments may subsequently agree; as well as the construction of new facilities and installation of equipment as may be necessary for their use."

SAN LORENZO AIRFIELD

QUESTION: If San Lorenzo is to be upgraded in this manner, are any of the other 'temporary' airfields, built or improved with operations and maintenance funding, also programmed to be upgraded in a similar fashion. If so, which ones? If not, why is San Lorenzo being singled out?

ANSWER: (Deleted.)

QUESTION: Provide for the record the date and amounts that have been spent from any funding source at San Lorenzo. Include a description of each project.

ANSWER: Sept 83-Feb 84; $35.3K (O&M)
Purpose: Construct C130 capable, 4200 ft dirt landing strip to support Ahuas Tara 84 Field Training Exercise.

13 Feb-5May 85; $43.0k (O&M)
Repaired dirt landing strip and constructed a dirt parking apron for 3 C130 aircraft to support the Ahuas Tara 85 Field Training Exercise.
These early exercises provided one time use forwardlanding strips (FLS) for limited flying activity.

1 Feb-31 Mar 87; $137.0K (ERC)
Repaired C130 capable dirt landing strip with a 6 inch soil-cement stabilized wearing course.

1 Feb-31 Mar 87 $114.0K (ERC)
Repaired and enlarged parking apron to accommodate 5 C130 aircraft. Project included a 6" soil-cement wearing course.

1 Feb-31 Mar 87; $48.0K (ERC)
Constructed a 22,000 sy soil-cement stabilized cargo staging area.
1) All projects were accomplished to support the Ahuas Tara 87 CPX.
2) The soil-cement technique as designed did not improve runway/apron durability. The airfield suffered major erosion and rutting as a result of use and heavy rains.

The purpose of the AT 87 ERC was to establish the limited capability to support the Oplan needs in 1987 of less than 20 sorties per day for a short period.

1 Feb-31 Mar 88 $667.0K (ERC)
Repaired C130 capable runway with an 18 inch lime stabilized wearing course.

1 Feb-31 Mar 88; $30.0K (ERC)
Improved the 550m access road to the cargo staging area.
1) Projects were accomplished to support Ahuas Tara Field Training exercises and infantry Battalion Deployments for Training.

2) The lime-stabilization appears to have worked well. It held up through the rainy season with only minor damages.
The AT 88 improvements to the runway only were to bring the airfield up to the current requirement of 40 sorties per day

1 Feb-31 Mar 89; $513.0K (ERC)
Constructed a 4200' taxiway to improve airfield operations and safety.

1 Feb-31 Mar 89; $650.0K (ERC)
Repaired parking apron for 5 C130 aircraft with an 18 inch soil-lime stabilized wearing course.
1) Projects were accomplished to support the Ahuas Tara 90 Field Training Exercise.
2) Final project cost reports have not yet been finalized. Project cost figures are within 10%.

The AT 89 improvements were to the taxiway and apron only to bring that capability to the 40 sortie level.

__QUESTION__: Past testimony has indicated that San Lorenzo was not to become a permanent airfield. Will this project provide permanent construction?

__ANSWER__: Yes, however, the requested construction is in lieu of the more expensive AM-2 matting and will provide the surface needed for the long term requirement of over 80 sorties per day. The permanent construction will be as follows:

a. The runway will involve 28,000 sy of pavement, primarily asphaltic concrete. A rigid pavement (concrete) touchdown area will be provided.

b. The parallel taxiway will involve 25000 sy of pavement, primarily asphaltic concrete. Rigid pavement will be provided at the intersection of parallel taxiway with connecting taxiways and also adjacent to the parking apron.

The parking apron will involve 53,500 sy of concrete pavement.

__QUESTION__: What exercises are being planned for San Lorenzo in the next five years?

__ANSWER__: (Deleted.)

QUESTION: *The five-year plan indicates that the airfield improvements at San Lorenzo will provide for 'year round exercise...use.' Does this mean that U.S. military personnel will be located at San Lorenzo throughout the year as they are now at Soto Cano?*

ANSWER: *There are no plans to station troops throughout the year at San Lorenzo. Honduran weather patterns preclude use of the San Lorenzo facilities as constructed during certain times of the year. For this reason, exercises can only be scheduled during dry weather periods. This is unrealistic and does not give the exercise planners the necessary flexibility to plan challenging exercises. The improvements at San Lorenzo will provide USSOUTHCOM with a facility for year round exercise use.*

QUESTIONS SUBMITTED BY SENATOR CHARLES E. GRASSLEY

Question: Since I am new at this, can you explain to me as simply as possible how a project goes from its conception to completion? How long does it take? Has any attempt been made to try and make the "system" move more quickly?

Answer: As the attached chart shows, accomplishment of a military construction project involves a broad network of Defense and non-Defense organizations. After the identification of need (i.e., conception), all projects follow a lengthy process that includes:

Planning, programming, and budgeting
Congressional authorization and appropriation
Design
Construction

Depending on a project's relative priority, complexity, and scope, the conception to completion period could be anywhere from three to seven years. Of this time, the actual design phase could be from one to two and one-half years, and the construction phase could be from one to three years. The remaining time is absorbed by budgeting and procurement activities.

The length of the above process is determined in large part by the budget process, federal procurement laws and regulations, and special Defense requirements. For example, Congress has directed that all project designs be 35 percent complete before the budget submission to ensure that project cost estimates are reasonably accurate and that construction can start early in the fiscal year authorized. Additionally, congressional changes during the authorization and appropriation of a project can affect the scope or cost of the project, which then require design changes and extend the design process. Because our use of public funds requires a high degree of accountability, our procurement process is controlled by a myriad of federal procurement laws and regulations. Many of these impose lengthy requirements on contracting for design and construction. Lastly, the very nature of the Defense mission requires that the system accommodate functional, mission, and technological changes throughout the entire planning, design, and construction process.

We continually analyze the entire process in an effort to streamline it. To the maximum extent possible, authority and responsibility has been delegated to the working level, eliminating higher level reviews and approvals. While this has compressed the design process, there is still a need for further streamlining, and we are evaluating the overall process to identify areas, such as budgeting and procurement that could also be improved. In addition, we are exploring alternative contracting strategies, such as the expanded use of preselected architect-engineer firms, standard designs, and turnkey (design/construct) contracts. Under urgent or exceptional circumstances, on a case-by-case basis, projects that are vital to national security can be accomplished quickly by using special congressional authorities and appropriations, and using expedited procurement procedures.

GENESIS & EVOLUTION OF A FY90 MILITARY CONSTRUCTION PROJECT

	1985	1986	1987	1988	1989	1990	1991	1992
PLANNING, PROGRAMMING & BUDGETING:	Installation (user) Indentifies Requirements and Develops Project	Service Inserts Project in FYDP*	Service Completes Planning	Service Finalizes Program Prepares Budget	DoD Submits Budget to Congress			
LEGISLATION					Congressional Committees Hold Hearings & Enact Legislation			
DESIGN			Service Selects A&E** Negotiates Contract	A&E** accomplishes 0 - 35% Design Service Reviews and Approves	A&E** accomplishes 35%-100% Design Service Reviews and Approves			
CONSTRUCTION					Service Solicits Bids & Awards Contract	< Construction >		User Occupies Facility
	1985	1986	1987	1988	1989	1990	1991	1992

* Five Year Defense Plan

** Architect/Engineer

Question: Mr. Stone, from your position, I assume that you see the best and the worst during your visits to our military facilities.

Based on that, what do you see as the most pressing need for facilities?

Answer: The biggest need is for improved living and working spaces for our people. If we can give them a decent place to work and live then the payoff in productivity and retention is tremendous. We still have people working on vehicles in muddy fields and even have people living in barracks without latrines. Those situations are really intolerable and will continue to have a negative impact on our readiness until they are corrected.

DEPUTY ASSISTANT SECRETARY OF DEFENSE

RESERVE AFFAIRS FOR MATERIEL AND FACILITIES

STATEMENT OF JOHN B. ROSAMOND, DEPUTY ASSISTANT SECRETARY OF DEFENSE/RESERVE AFFAIRS (MATERIEL AND FACILITIES)

ACCOMPANIED BY:

- BRIG. GEN. ROGER C. BULTMAN, DEPUTY CHIEF, ARMY RESERVE
- BRIG. GEN. WILLIAM A. NAVAS, JR., DEPUTY DIRECTOR, ARMY NATIONAL GUARD
- REAR ADM. RICHARD K. CHAMBERS, DEPUTY COMMANDER, NAVAL RESERVE FORCE
- BRIG. GEN. MICHAEL P. DOWNS, DIRECTOR, FACILITIES AND SERVICES DIVISION
- BRIG. GEN. JOHN F. McMERTY, DEPUTY DIRECTOR, AIR NATIONAL GUARD
- BRIG. GEN. SHIRLEY M. CARPENTER, DEPUTY CHIEF, AIR FORCE RESERVE

BUDGET REQUEST

Senator **SASSER**. Next we want to ask the representatives from the Guard and Reserve to please take their stations at the witness table.

After everyone has taken his seat, we will call on the Hon. John B. Rosamond, the Deputy Assistant Secretary of Defense for Reserve Affairs, to present his testimony.

Mr. Rosamond is accompanied by representatives of both the Guard and Reserve components.

Gentlemen, I think the views of the subcommittee are well known. We have, in the past, strongly supported requests by the Guard and the Reserve, and we believe that, as we confront the need to reduce our force structure, particularly overseas, this Nation will grow to rely even more on our Guard and Reserve forces.

The request before us today is for $464 million, a reduction of $140 million from the amount approved by Congress last year.

This is a real reduction in funds for the Guard and Reserve of 25 percent.

Now, although the Guard and Reserve represent less than 7 percent of the total military construction budget, the Department has taken more than 32 percent of the total cuts in those accounts that serve the Guard and the Reserve.

Now, when we mark up the bill this year, I am going to do my best to convince the members of the committee that these priorities should be changed.

Senator Grassley, do you have any statement you would like to make before we proceed?

Senator **GRASSLEY**. No; thank you.

Senator **Sasser**. So, in that situation, then, we will proceed with you, Mr. Rosamond, followed by the statements from the component representatives.

I would ask that each of you be as brief as possible this morning. Mr. Rosamond.

Mr. **Rosamond**. Mr. Chairman, members of the committee and members of the staff, it is always a pleasure to appear before this committee to present an overview of the Department of Defense Guard and Reserve military construction programs.

Senator **Sasser**. Could you pull the microphone a little bit closer, please.

Mr. **Rosamond**. Yes, certainly.

First, Mr. Chairman, I would like to thank the committee for the support that it has rendered to the Reserve component programs in the past. It has permitted us to accommodate strength increases and build facilities to store and maintain new equipment flowing into the Guard and Reserve.

I would like to turn to a point which you made in your opening remarks, Mr. Chairman, concerning the funding levels for the 1990-91 budget.

It is the President's budget and I support that.

Additionally, I assure you, that based on your comments in the committee report last year, I did personally mix it up and debate the Reserve component Milcon resource issue. I refer to a February 7, 1989, letter from Secretary Taft, which attests to the fact that my staff and the staffs of these gentlemen with me brought the issue to the leadership in the Department. It was thoroughly debated from the program point of view. The figures that you see before you reflect those submitted by the services. We challenged them. We debated the level of resourcing for about 6 months. The ultimate decision was to support the services. That is what I support today. It is not a question of knowledge. It is a question of priorities and affordability.

I would like now to turn to about six points that I consider very important.

In the report last year, you asked us to identify projects by current mission and new mission. There seems to be, and justly so, concern that most of the dollars were addressing new mission projects.

However, I point out that many of the missions, and I'll use the Air Force Reserve as an example; they have systems coming in that require new facilities to accommodate larger planes, twin engines, et cetera. So you really have to take a look that some of the new missions are current missions that are modernized.

I will say this: we probably need to look at our definitions of new and current, and I intend to do that.

A provision was made last year for split funding for projects. I encourage this management tool to be extended on a permanent basis. It eliminates reprogramming which is particularly applicable in a small project budget environment.

You also have given us the prerogative of notification of projects costing less than $400,000 when they exceed project costs by 20 percent, in lieu of reprogramming actions. This I also support.

Likewise, defining PPA as the appropriation account in terms of reductions such as Gramm-Rudman, will help manage the program extensively. We appreciate that.

A point that is brought up, discussed, and debated, is the concept of advance design.

Last year, we were asked by the HASC Military Installations and Facilities Subcommittee to review this policy and to take action, as appropriate. This we did.

We delegated to the service secretaries the authority to waive the policy. The waiver authority could be redelegated within the secretariat. The policy was implemented along these lines.

When the service secretaries decide to waive the advanced design criteria for projects, they will notify my office 30 days prior to submission of the budget. They did this. There was dialog between my office and the Air Force concerning project waivers. We sustained the service position.

Now, I would like to discuss one other point, the Base Closure Commission report.

From my review, it was an excellent report. It has minor impacts on the Reserve components. If it is implemented as submitted, we feel that, in certain cases, the Reserves might benefit from this.

I will close with one thought.

Why should we invest in facilities for the Reserve components? There are about four things that I would like to say.

It provides for an adequate training facility for the Guard and Reserve. That is very important.

It helps us in assessing the maintenance of all equipment that has come to these forces. It certainly supports total readiness within the total force, and I believe it stands behind the national resolve.

The facilities are a constant reminder to the American public of the importance of the defense of this Nation.

PREPARED STATEMENT

I view the Reserve component military construction program as the best managed program of its kind. I can attest to that by the execution rates over the last 2 years, and I thank the gentlemen at the table.

That concludes my remarks.

Thank you.

[The statement follows:]

Statement of John B. Rosamond

Mr. Chairman and members of the Committee. It is a pleasure to appear before this committee and present the Department of Defense overview of the National Guard and Reserve military construction program. I would like to acknowledge this committee's strong support of the Reserve components programs and the part you have played in enhancing readiness of the Reserve Forces by providing first class facilities for Guardsmen and reservists to perform maintenance and training. Your support has enabled the Reserve components to continue to increase in strength, modernize equipment and add new units and equipment to support the total force policy. The National Guard and Reserve military construction program continues to lead the Department in early award of the program providing reservists their facilities in a minimum of time.

The National Guard and Reserve forces have over 5,300 installations and training sites in 4,600 communities located in every State of the Union, Puerto Rico, the

Virgin Islands, Guam, American Samoa, and Washington, DC. These facilities represent a capital investment of approximately $20 billion. There are over 31,000 improved structures or buildings at these locations which have a fiscal year 1990 budgeted Federal contribution (States make major contributions to ARNG facilities 0&M cost) to the annual operating and maintenance budget of approximately $620 million to provide utilities, real property maintenance and services for the federally owned and leased facilities. These installations and training sites are necessary to optimize training and subsequently prepare our Reserve forces for mobilization and deployment. Over 1,000 of the locations are joint use with some having as many as five Reserve components plus Active forces using them. These facilities are the constant reminder throughout the United States and its territories of the presence, dedication and vigilance of the citizen-soldier, Marine, sailor, and airman. The physical condition and upkeep of this real property sends a daily message to the general public about our Reserve component readiness as well as our national resolve.

Significant attention has been focused by the Department in recent months on building the Reserve component military construction program. The Assistant Secretary of Defense for Reserve Affairs took issue with the level of resources in the Services' Reserve component facilities programs. He presented the issue to the Defense Resources Board in June where it was reviewed and discussed by the Service Secretaries, and fully considered by the Defense Resources Board. My office supported the Secretary's issue with data and has conducted a study of the Reserve component backlog of military construction problems. We conducted this study with the cooperation and in conjunction with the Services in order to define the specific causes of the backlog and to determine possible solutions including alternate construction means. The level of funding for Reserve component military construction has been vigorously discussed throughout the PPBS process. The Services have generally been limited in the resources available for investment and available to address the backlog of construction for both the Active and Reserve components. There have been, as a result of these efforts, some hopeful developments in reducing the backlog of Reserve component facilities. The Army is addressing this issue in the force planning and integration process which is part of the preparation of its fiscal year 1992-97 Program Objective Memorandum. Additionally, the Army's facilities managers are exploring leasing options both near and long term, as well as third party contracting as a means to provide facilities. All Reserve components are working joint use options to ensure they maximize the facilities, land and dollars available to them. Opportunities for sell and replace, and swap and replace of land and facilities are being explored. The Navy's reduction and consolidation of Reserve centers in recent years, as well as its regional training initiatives, will have an impact on the future backlog. The Marine Corps has now become its own military construction fund sponsor for Marine Corps exclusive projects. As a result, they are dramatically increasing the funding level for Marine projects beginning with the 1990 program and will minimize the rise in Marine Corps Reserve construction backlog. The Air Reserve forces are being funded at the same level of funding as the Air Force for facility renewal and backlog reduction. Facilities to support new air missions and aircraft are programmed as soon as all beddown information is available. Unfortunately, that is not always soon enough as the construction planning and execution process tends to be considerably longer than the aircraft transfer process. My office is working with each of the Reserve components and the Service Secretaries to ensure all efforts are taken to stop the increasing backlog of military construction in the Reserve components and to do so within the fiscal constraints that we face.

The Reserve component military construction budget request we are presenting today for fiscal year 1990 contains over 222 projects for $463.6 million. Of the 222 projects, 114 projects or 57 percent of the funds provide for operational and training facilities. Eighty-eight of the projects or 36 percent of the funds provide for maintenance and storage facilities. Twelve of the training projects are for new modernized ranges. The storage program includes $7 million to fund buildings at existing armories to accommodate new unit equipment. The remaining 20 projects and 7 percent of the project funds are predominately for utilities and troop housing to support training and operations such as a new barrack at Stewart IAP, New York. All the projects in the program presented to you this year have a direct contribution to improving the training conditions and readiness of the force. In accordance with congressional instruction, all projects in this year's program have been labeled as new or current mission with 94 projects being called new mission. The either/or labeling of these projects gives a distortion toward new with respect to Reserve component projects. For example, the Army Reserve labeled 11 of their 16 projects as supporting new missions—7 of these are regional medical, maintenance or intelligence training sites. These regional sites are new missions only in that they provide modern training facilities in a centralized fashion for economy and efficiency reasons, in lieu of upgrading current facilities at local training areas. Another example is the Air National Guard which has 59 of its 93 projects as new mission, of which 52 projects are in support of conversion of aircraft from F-4's or F-106's to F-15's and F-16's. This modernized equipment falls under the new mission category because of the organizational changes that require facilities for more personnel and larger facilities to support current functions such as avionics and engine repair. It could be argued that since both the existing and replacement aircraft perform an air defense role, some of the projects support current mission. My point is that not all "new mission" identified projects have a detrimental effect on providing improvements to existing infrastructure and that some new mission projects are necessary to modernize and improve the readiness of the current force—even if they do not immediately reduce the construction backlog.

The Defense Secretary's Commission on Base Realignment and Closure, December report before the Congress, recommends closure of 86 bases or sites, 5 partial closures and 54 base realignments affecting 145 installations. The Reserve components occupy, train or are serviced by most of these installations. The commission looked at and was fully supportive of the Reserve Forces needs in their actions, allowing for partial retention of land and facilities to carry on the Reserve mission. There will be impacts on Reserve forces such as an increase in operations and maintenance cost for services now performed or shared by active forces and loss of some training-areas such as at Fort Meade and the airbases in California. There are possibilities for increased or improved facilities at Fort Dix, Fort Bliss and Fort Devens. There are also possibilities for problems such as Pease or Mather AFB not being retained as airfields, or if retained, the new authority not allowing Reserve components to maintain flying units on them. Present indications are that there are more opportunities for new, expanded and improved facilities for the Reserve components than adverse action. The commission also saw possible opportunities for improved economies and efficiencies through closure realignment and increased joint use of facilities by Reserve components. The Department is reviewing the commission recommendations for Reserve component consolidation and will be pursuing what permanent legislation is required for Reserve components to maximize these opportunities.

The Congress has allowed the Department to split fund construction projects during fiscal year 1989. Split funding is a very important financing concept for the Reserve components as the size of the individual components yearly program is not large enough to cover reprogrammings and provide for contingencies. The ability to split fund allows the Reserves to maximize the dollars available and put the full project on the ground in the shortest time period with the minimum amount of reprogramming.

The facilities management policies that I have set for the Reserve components continue to emphasize repair and maintenance of our facilities as our first priority. This philosophy costs more each year not only because of the age and obsolescence of some of our facilities, but also due to the added cost of asbestos abatement, leaking underground storage tank checks and repairs, fire suppression, noise abatement, and other OSHA system costs. Our investment in new facilities must be determined by mission requirements with training, maintenance and equipment storage being in the forefront. I will continue to oppose neglecting the renovation and replacement of deteriorated and obsolete facilities for existing Reserve units in order to resource new missions. New missions, force structure and equipment requiring facilities must be additive to the Reserve component facilities program and not consume it at the expense of our existing physical plant. I will continue to monitor each Reserve component facilities program as it is being built. In our review of the Service programs and budgets I will address identified shortfalls and point them out to the applicable Military Department Secretariat, the Defense Secretariat, and the Defense Resources Board. In this regard, I assure you that the program is fully assessed and that the Service Chiefs and Secretariats as well as the OSD staff and leadership are informed of my findings. I monitor all levels of the PPBS system to ensure all parties are properly informed of matters affecting the Reserve component facilities. This includes program execution with respect to ensuring we maximize use of authorized dollars in a timely manner which provides the Reservists their needed facilities quicker.

In closing, I would like to point out as I have before that when Congress adds projects that are not designed, or that require a State contribution, a high degree of program turbulence is experienced. A slowdown in the program execution is normally experienced due to the fixed amount of manpower the Reserve components have to process the program additions. Additionally, these unprogrammed project additions leave a large amount of funds idle awaiting the completion of the design process. These funds then become a prime target for sequestering should Gramm-Rudman-Hollings be imposed. As I have previously testified, project additions should be funded for design only and subsequently funded for construction approximately 1 year later.

I appreciate this opportunity to present the Reserve component military construction budget request. Your support of Reserve component military construction programs has made a substantial contribution to the preparedness of our Reserve forces.

Mr. Chairman, this concludes my statement and I am ready to answer your questions.

BIOGRAPHY OF JOHN B. ROSAMOND

John B. Rosamond is the Deputy Assistant Secretary of Defense for Materiel and Facilities, in the Office of the Assistant Secretary of Defense for Reserve Affairs.

A native of Mississippi, he graduated from Mississippi State University in 1958 with a Bachelor of Science Degree in Finance. During a distinguished military career, he successfully managed Reserve component materiel and facilities programs for the past 6 years within the Department. During this period the materiel and facilities programs of the Reserve components enjoyed substantial growth and improved execution.

In addition to his undergraduate studies, John Rosamond holds a Master of Business Administration from Syracuse University and is a graduate of the Industrial College of the Armed Forces. He is a member of Omricron Delta Kappa and Delta Sigma Pi honorary fraternal orders. Among his military decorations are the Defense Superior Service Medal, Legion of Merit, Bronze Star for Valor, and the Purple Heart.

He presently resides in Alexandria, Virginia, with his wife, Clare, and his daughter, Ann, attends Dartmouth College.

ARMY RESERVE

Senator SASSER. Thank you very much, Mr. Rosamond.

Now I will ask each of our other witnesses to proceed in order. Would you suggest, Mr. Rosamond, how we should proceed here and who should go first?

Mr. ROSAMOND. Senator, I think we should go with the Army, Navy, and Air Force, in that order.

I would like to start with the Army Reserve and point out that General Bultman is new. It is his first time to testify before the committee. I welcome Roger and I am sure he will do a splendid job.

Roger.

Senator SASSER. General, let me welcome you in your maiden testimony here before the subcommittee.

We are pleased to have you.

PREPARED STATEMENT

General BULTMAN. I am honored to be here.

Mr. Chairman and members of the committee, I welcome this opportunity to present my brief remarks on the Army Reserve military construction program for fiscal year 1990, and I request the funds for the execution of this very important program.

I would like to submit a formal statement for the record.

[The statement follows:]

STATEMENT OF BRIG. GEN. ROGER C. BULTMAN

I welcome this opportunity to present the Army Reserve's military construction program for fiscal year 1990 and to request the appropriation for its execution. On behalf of over 330,000 soldiers of the Army Reserve, I want to express our appreciation for the support this committee has provided for our construction program.

Overall, the Army Reserve has made considerable progress in the areas of personnel, training, logistics, sustaining the force, and preparation for mobilization. Our total program for fiscal year 1990 is designed to continue that progress and enable us to do our part in attaining an Army of excellence.

The facilities infrastructure, however, will serve either to enhance or detract from this progress depending upon the measures we take to address the serious shortfall in resources defense-wide generally and military construction specifically. The contribution that facilities make to the achievement of Army Reserve missions is difficult to quantify, but on the basis of my travels to the field and consultations with commanders I have concluded that, other things being equal, the quality of our facilities is the chief determinant of success or failure in meeting our program goals.

One piece of anecdotal evidence to support this conclusion was brought to my attention recently by two battalion commanders whose troops were of similar if not identical educational backgrounds, age range, and other socio-economic characteristics. In one case there was no personnel attrition, morale was high, and readiness was at an enviable level. In the other instance, recruitment was difficult, attrition was constant, low morale permeated the unit, and a deplorable state of readiness existed. The commander with the preferred set of circumstances observed that given the same dilapidated physical plant his counterpart endured, he too would experience similar problems. His observation was right on target. How do we attract and retain quality soldiers in facilities that are falling apart, over crowded and unsightly, and where their cars are vandalized during training and assemblies for lack of offstreet secure parking? Unfortunately, these kinds of circumstances are far too prevalent.

The Army Reserve construction program is characterized by a number of unique factors that intensify the challenge of meeting today's requirements. First, because of the decentralized nature of the Reserve Component, our construction requirements differ from those of the Active Component. We require a larger number of facilities that are generally smaller and more specialized. Furthermore, our facilities must be located in or near the civilian communities in which our soldiers live. Reserve centers must be planned and constructed or expanded and revitalized in areas of the country experiencing population growth due to migration trends away from the northeast and central States to the south and southwest. Unlike the Active Component, therefore, we do not bring recruits to large established bases; we follow the people and the talent in order to optimize recruitment and mission accomplishment.

Second, the existing physical plant inventory is in a sad state of repair, as the anecdote about two battalion commanders suggested. There are now nearly 2,000 Army Reserve centers and maintenance facilities owned or leased by the Army Reserve. Most of these were constructed during an era in which very little equipment was issued to the Army Reserve, and we had only one or two full-time persons working at each Reserve center. As a result, the majority of Army Reserve centers do not have adequate space to support the storage and maintenance of equipment and to accommodate the additional full-time personnel now assigned to Reserve units. Our older facilities served us well at one time—but we have outgrown them. In some cases we have outlived them resulting in facilities viewed not as symbols of the Army's efficiency and viability, but as eyesores that send the wrong message to community leaders and discourage employer support of Reserve soldiers. The total number of Army Reserve facilities rated substandard is 480. Of these, 206 must be completely rehabilitated and converted in order to ensure training and readiness goals; 164 require outright replacement because of their deteriorated physical condition; and 110 require major alterations and/or additions to relieve overcrowding and make them functionally adequate.

Another characteristic of the Army Reserve facilities posture is a large and growing backlog of known construction requirements. The backlog is the result of some of the factors already mentioned. To be more specific, they include during the last 10 years a 42 percent growth in end strength, from 185,000 to 321,000. During the same period there were 1,862 unit activations and conversions that gave the Army Reserve 60 percent of the Army's corps aviation, 97 percent of its civil affairs strength, 87 percent of its PSYOPS capability, and 25 percent of its special operations forces. Over the same 10 years, $880 million from the dedicated procurement program brought new equipment to the Army Reserve that has generated a growing need for construction of adequate storage and maintenance facilities. All of these generators of construction requirements have created a backlog bill of $2.3 billion.

We realize that we cannot rehabilitate or build new facilities everywhere at one time and that some inefficiencies and crowding will continue, but we must continue our efforts to improve the physical plant to the best of our ability because of the critical role facilities play in the retention and training of Reserve soldiers who serve to enhance the wartime readiness of the Army.

Each year we work with the Commander of the United States Forces Command to develop and prioritize the 5 year construction program. We take into account the total facilities requirement to support not only units that exist today, but also those that will be activated in the future. As specific projects are developed, we work with the units involved and the construction planners to ensure we design and construct facilities that meet the needs of the units involved and have some built in flexibility to accommodate change and future expansion.

The construction program that we present today for your consideration has been crafted in the context of severely constrained resources. It will not meet all of our needs, therefore, but will enable us to address a few of the very highest priority projects designed to expand and modernize the U.S. Army Reserve physical plant.

Current year program.—The execution record of the Military Construction, Army Reserve (MCAR) program is among the best in the Department of Defense. Contracts have been awarded for all prior year projects over $400,000 except two—alteration and expansion of Fort DeRussy Reserve Center authorized in 1984, and alteration and expansion of Fort Totten Reserve Center authorized in 1988. Reasons for the former are well known to you and an underestimation of costs has delayed award of the latter. Cost estimates are being reevaluated, and we are hopeful that the Fort Totten project will be awarded by the third quarter. The fiscal year 1989 authorization provided for 28 major construction projects and we expect to execute all during the year.

Fiscal year 1990 request.—The fiscal year 1990 appropriation request will support execution of 15 major construction projects and 5 land acquisitions. One project is in Guam and the others are located in 12 different States. More specifically, the request provides for the construction of:

Twelve new facilities including 2 Army Reserve Centers, an air flight facility, an equipment concentration site with area maintenance support activity and warehouse, a consolidated military intelligence training center, phase I of the Fort McCoy Army Reserve Readiness Training Center, and six regional training sites—three for maintenance skills and three for medical training.

Three existing Reserve Centers will be expanded or altered.

The projects were selected and ranked based on need, the mission of units supported, troop activation schedules, and the general contribution of each project to the readiness of the Army Reserve. All projects are at or above 65 percent design, and we envision no difficulty in awarding all during fiscal year 1990.

The appropriation required for these major construction projects is $69,761,000. Minor construction projects and planning and design funds are specified respectively at $1,751,000 and $5,388,000. The grand total cost of the projects contained in this appropriation request is $76,900,000.

Gentlemen, this program is worthy of your support. In addition, I invite you to think seriously about a future in which the Army Reserve will likely assume additional missions. We must address the construction backlog problem soon. It is precisely because we are still trying to catch up with 10 years of change and address the increasing reliance on the Army Reserve that we must make every effort to ensure that the facilities infrastructure will support and enhance the Total Army.

CONCLUSION

Mr. Chairman, this concludes my statement. The committee's continuing interest in and support of the construction requirements of the Army Reserve are greatly appreciated. Thank you.

ARMY RESERVE

General **Bultman**. The Army Reserve continues to make significant progress in readiness, personnel, training, logistics, and mobilization preparedness.

During the last 10 years, we have seen an increase in paid drill strength of 136,000 reservists, which represents a 42-percent growth for the Army Reserve during the last 10 years..

During this same period, there have been over 1,800 unit activations or conversions within the Army Reserve.

The Army Reserve, along with the National Guard, now represent 51 percent of the Army. The Army has such portions as 60 percent of the Army aviation, 97 percent of the Army's civil affairs units, 87 percent of the Army's psychological operations units, and 25 percent of the Army's special forces.

These are just a sample of the Army's reliance on today's Army Reserve Forces.

In addition, $910 million of the Dedicated Procurement Program that Congress and DOD have been given to the Army Reserve since 1980 to purchase new equipment, essentially to improve the warfighting readiness of the Army Reserve.

However, this new equipment increases the demand for adequate maintenance and storage facilities for our soldiers.

Training initiatives have also served to strengthen the Army Reserve programs, specifically, the consolidated training programs. The fiscal year 1990–91 programs include regional maintenance sites and medical training sites in Massachusetts, Pennsylvania, Wisconsin, Arkansas, Georgia, and California.

These sites are critical to improving the skill qualifications of the combat support and combat service support soldiers, which is an area of great concern to the Commanders-in-Chief.

Also in the 1990–91 program is the readiness training facility at Fort McCoy, WI. This trains the full-time support soldiers for the Army Reserve, a critical part of sustaining the readiness of our Army Reserve units.

The new aviation facility in California is also critical to the Army Reserve and to the Total Army because it supports the Army's Aviation Modernization Program.

We also recognize that progress of this magnitude generates demands for new and upgraded facilities. Success or failure in these facilities depends largely on whether or not they provide adequate support for the soldiers and civilian workers whom we have in the Army Reserve.

Good facilities are essential to recruitment, retention, and the quality of life of the best educated, the best motivated volunteers that the Army Reserve has ever had. Adequate facilities improve soldier's morale, their willingness to stay in the Reserves, and their readiness.

Unfortunately, the existing inventory of Army Reserve facilities is inadequate in many ways. Overcrowding is a systemwide problem because the expansion and renovation of facilities has not kept pace with the growth in the Army Reserve. It has not kept pace with the structure changes, the procurement of new equipment, and our training initiatives.

Physical deterioration and dilapidation best describe a significant portion of the Army Reserve centers. Furthermore, new facilities are needed now and will be needed in the future to accommodate the Army Reserve, and our Nation's dependence on the Army Reserve Forces as we move into the 21st century.

The backlog of known construction requirements for the Army Reserve is $2.3 billion. We are deeply concerned about this backlog.

In today's environment of constrained resources, we cannot expect to meet all these facility needs at one time and in all locations.

The program before you contains only the highest priority projects. Appropriating the required funds will enable the Army Reserve to ensure that the combat support and combat service support of the Total Army will not be placed in jeopardy.

Some overcrowding and operational inefficiencies will continue until priorities are reordered and we receive additional dollars.

In the meantime, we will continue to work with the Army leadership to find ways to reduce the facility shortfall in the most expeditious way possible within Total Army priorities and constrained resources.

Mr. Chairman, I am particularly pleased to inform this committee that we have successfully awarded all contracts but two contracts for projects over $400,000 between 1982 and 1988. We believe this is a good record and we are proud of it.

We anticipate similar success with the 28 projects that we have for construction in fiscal year 1989.

Our request for fiscal year 1990 is $76.9 million, which we'll use to execute 15 construction projects and 5 land acquisitions. Because our fiscal year 1990 program is in the advanced stages of design, we anticipate no difficulties in awarding all our projects by the end of the fiscal year.

Mr. Chairman, this concludes my statement. I thank you for your continued interest in and support of the Army Reserve.

Senator SASSER. Thank you, General.

Is General Navas next?

Mr. ROSAMOND. Yes; General Navas will be next, Senator.

ARMY NATIONAL GUARD

Senator SASSER. He will be testifying for the Guard.

General NAVAS. Mr. Chairman, members of the committee, I welcome the opportunity to appear before this subcommittee and present the Army National Guard construction program for fiscal years 1990 and 1991. I shall make my comments brief and request that my prepared statement be entered into the record.

This program is a balanced budget submission, taking into account our basic requirements, the States' and bureau priorities, and the fiscal realities of today.

Today, the Army National Guard has taken new dimensions. Manned with high quality soldiers, trained and equipped to a higher level of readiness and modernized to a greater extent than ever before, the National Guard is the best it has been in its 352 year history. The total force policy and the resources provided by Congress have made this transition during the decade of the 1980's possible.

Dramatic improvements during the 1980's, which have impacted on the quantity and quality of our facilities and training installations, include: an end strength and force structure increased by approximately 100,000, to a projected end strength of 457,300 by the end of this fiscal year; a 151-percent increase in the number of units with early deploying missions; a 25-percent increase in the number of units reporting an overall ready status; high priority units being modernized and equipped, following the first to fight-first to be equipped policy; an explosion of training opportunities, including local, regional, national, and joint training areas and centers. The use of high technology training equipment and simulators enhance our abilities to make maximum use of limited resources.

To the citizen soldier, the most critical element is time, which translates into getting the training facilities closer to the units.

The accomplishment of these improvements required a large investment and new and more complex facilities. Congress has recognized this requirement during the last decade by funding over $940 million for Army National Guard military construction to expand, replace, upgrade, or acquire new facilities and training sites. The $229.2 million authorized for fiscal year 1989 is the largest single year commitment of funds to the Army National Guard for military construction.

On behalf of more than 457,000 Army National Guardsmen and women who are serving their country and their communities, I wish to express our appreciation for your support.

The Army National Guard construction budget requests $125 million for fiscal year 1990 and $138.5 million for fiscal year 1991.

The 1990 request reflects funding constraints being experienced by all services and, more specifically, on all military capital investment programs. The $125 million for 1990 includes $112.7 million for construction projects; in addition, $7.5 million for unspecified minor construction; and $4.8 million for planning and design. This reduced level of funding allows for only the most critical needs to be addressed. The requested program supports the requirements in 33 States.

The 1991 request of $138.5 million includes $127 million for construction, $7.5 million for unspecified minor construction, and $4 million for planning and design. The requested program supports requirements from 38 States and territories.

For the Army National Guard to maintain the high state of readiness developed during the 1980's and into the next decade, it is critical that its resources in terms of manpower, equipment, and facilities must be maintained, intensively managed, and properly balanced.

In conclusion, my purpose has been to briefly present and explain the very important role that facilities play in the overall mission of the Guard. Mr. Chairman, this concludes my opening comments. I appreciate the opportunity you and your committee have afforded me to speak in behalf of all Army Guardsmen worldwide. I wish again to express our appreciation for the support and assistance provided to the Army National Guard in meeting our most critical facilities challenges.

If there are any questions, I would be pleased to furnish the information you require.

Thank you, sir.

Senator **Sasser**. Thank you, General Navas.

[The statement follows:]

STATEMENT OF BRIG. GEN. WILLIAM A. NAVAS, JR.

Mr. Chairman, members of this Committee, I welcome the opportunity to appear before this Subcommittee and present the Army National Guard Military Construction Program for fiscal years 1990 and 1991. I will also touch briefly on our success in executing the 1988 program and the execution of our current year program.

Today, the Army National Guard (ARNG), our Nation's Army on Call has taken on new dimensions. Manned with high quality soldiers, trained and equipped to a higher level of readiness, and modernized to a greater extent than ever before, the Army National Guard is the best it has been in its 352 year history. The Army's Total Force concept and the resources provided by Congress have made this transition during the decade of the 1980's possible.

The ARNG has proven to be, dollar for dollar, cost effective in performing its State mission of providing military support to civil authorities and its Federal mission of deterring war.

Dramatic improvements in our ARNG during the 1980's, which also impacted on the quantity and quality of our facilities and training installations, are:

End Strength and Force Structure increased by approximately 100,000 to a projected End Strength of 457,300 for fiscal year 1989.

The number of ARNG units with early deploying missions increased 151 percent.

The number of new and existing units reporting an overall ready status to perform their wartime missions increased 25 percent.

High priority units are being equipped with the most modern equipment available to the Total Force.

Training opportunities are greatly expanded with the use of local, regional, national and joint training areas and centers. The use of high technology training equipment and training simulators enhanced our abilities to make maximum use of limited resources. For the "Citizen-Soldier", the most critical element is time, which translates into getting the training facilities closer to the units and maximizing the training opportunities at our existing training sites.

With Congress applying the needed manpower and dollar resources, the ARNG will continue to meet the requirement of becoming an even more viable and cost effective force to deter war. We look forward to the challenges and opportunities for improvement and growth than the decade of the 1990's will bring.

Accomplishment of these improvements required a large investment in new and more complex facilities. Since 1982, as shown by Table I attached, the Congress has recognized this requirement by funding over $940 million for Army National Guard military construction to expand, replace or acquire new facilities and to upgrade our training sites. The $229.2 million authorized for fiscal year 1989 is the largest single year commitment of funds to the ARNG for military construction. That level of funding represents about one quarter of all construction funding available since 1882. On behalf of more than 457,000 Army National Guardsmen and women who are serving their Country and Hometown communities, I wish to express our appreciation for the efforts of this Committee and its Chairman support of the ARNG. We are committed to execute the authorized programs as expeditiously and efficiently as possible.

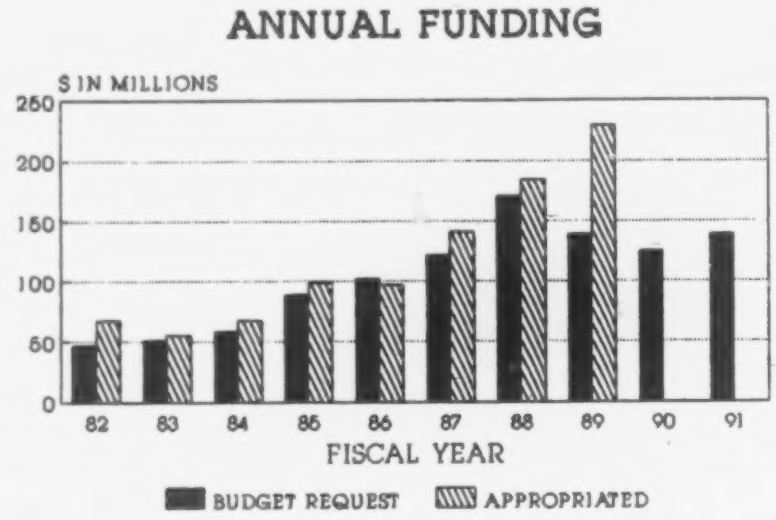


TABLE I

MILITARY CONSTRUCTION PROGRAM EXECUTION FOR FISCAL YEAR 1988

The ARNG fiscal year 1889 Military Construction program authorized and funded 147 projects. The appropriations totaled $184.4 million with $170.5 million committed to construction. Four of the authorized projects were canceled because of cost growth which made the project no longer cost effective, changed requirements or because of unforeseen environmental problems. An additional four projects were not awarded during the program year but are scheduled to be awarded this year. We achieved a 97 percent execution rate by the end of fiscal year 1988 as shown by the attached Table II.

FISCAL YEAR 1988 PROGRAM EXECUTION

[Dollars in thousands]

	Request	Appropriated
Program:		
Major construction	$151,139	$165,144
Minor construction	$5,400	$5,400
Planning/design	$13,861	$13,861
Total	$170,400	$184,405
Number of projects	122	147

Projects not executed: Fort Belvoir, DC, aircraft parking (cost growth); Camp McCain, MS, vehicle wash facility (design); San Juan, Puerto Rico, aviation support facility (site change); Fort Dix, NJ, armory (contracting problems).

Projects cancelled: Bethany, DE, range, combat pistol (environment); Camp Edwards, MA, UTES modification (not cost effective); Framingham, MA, OMS expansion (State cancelled require); Camp Perry, OH, range (environment).

Percent executed: 97.2.

MILITARY CONSTRUCTION PROGRAM PLAN FOR FISCAL YEAR 1989

ARNG Appropriations enacted for fiscal year 1989 totaled $229.2 million. This program provides $215.1 million for construction and $14 million for planning and design to accelerate the design of future year projects. As you are aware, there is about $7.2 million difference between the amounts authorized and appropriated. We intend to formally request authority to use residual authorization to make up this difference and execute the program as appropriated. To date, about 65 projects have been awarded or are in the final stages of development for award.

MILITARY CONSTRUCTION PROGRAM REQUEST FOR FISCAL YEAR 1990

The ARNG military construction budget requests $125 million for fiscal year 1990. This request reflects funding constraints being experienced by all the Services and more specifically on all military capital investment programs.

The fiscal year 1990 budget request includes $112.7 million for construction projects, $7.5 million for unspecified minor construction, and $4.8 million for planning and design of future projects. This reduced level of funding presents a difficult situation for program development in that only the most critical of needs can be accommodated. The requested program supports requirements from 33 States and will provide the facilities identified by attached Table III for ARNG units.

FISCAL YEAR 1990 FACILITIES

	No.	Cost
Armories: New, replacements, expansions	27	$37,332,000
Equipment maintenance shops	12	20,807,000
Training site facilities	14	19,953,000
Training site ranges	12	21,005,000
Aviation facilities	5	2,850,000
Supply and support buildings	3	3,153,000
Armory storage buildings (various locations)		7,600,000
Total	73	112,700,000

MILITARY CONSTRUCTION PROGRAM REQUEST FOR FISCAL YEAR 1991

The fiscal year 1991 request of $138.5 million includes $127 million for construction, $7.5 million for unspecified minor construction, and $4 million for planning and design of future projects. Additional funding was added to our fiscal year 1989 budget request for constructing armory unit storage buildings and for modernizing indoor rifle ranges at our armories. The funding level of our fiscal year 1990 request permitted us to continue only the storage buildings program. In this request, we have committed funds to both of these programs. The requested program supports requirements from 38 States and territories and will provide the facilities identified by attached Table IV for ARNG units.

FISCAL YEAR 1991 FACILITIES

	No.	Cost
Armories: New, replacements, expansions	27	$50,902,000
Equipment maintenance shops	12	16,023,000
Training site facilities	10	20,273,000
Training site ranges	7	4,664,000
Aviation facilities	4	2,127,000
Supply and support buildings	10	10,226,000
Armory storage buildings (various locations)		10,000,000
Indoor range modernization (various locations)		12,760,000
Total	70	126,975,000

FACILITIES SUPPORT FOR CONTINUED IMPROVEMENT INTO THE 1990'S

For the ARNG to maintain the high state of readiness developed during the 1980's into the next decade, it is critical that resources in terms of manpower, equipment and facilities must be maintained and intensely managed. Currently, the ARNG provides 43 percent of the combat force structure of the total Army force, including 10 of the 28 combat divisions. All of these forces will be used in their wartime missions to support the Commander-in-Chief (CINC's).

Force structure

With the probability of more missions directed to the ARNG in the future, facility requirements of the ARNG could rise dramatically to support any additional growth. Increases in End Strength and changes in the Force Structure over the past decade severely overtaxed the existing armory inventory, resulting in a backlog requirement of $815 million to correct deficiencies at about 530 armories. This is only part of the total armory backlog because it does not include requirements to modernize obsolete armory facilities caused by aging or failing locations. All 27 armory projects in our fiscal year 1990 request, and the additional 27 armories for 1991, support Force Structure changes that occurred in the 1980's. Four of these armories support new units: two in Tennessee; one in Washington State; and one at Fort Belvoir, Virginia, for the new 29th Division headquarters armory.

Readiness and early deploying units

Adequate facilities are essential to improved training, availability of equipment, and readiness. Our construction requests include projects to provide the modern facilities necessary for conducting realistic, mission oriented training; for sustaining MOS proficiency; and maintaining the new equipment being made available to the ARNG.

Training

Permanent training site facilities.—To sustain year round training at our major training sites, permanent cantonment facilities, such as troop barracks, dining and support buildings, must be provided to supplement or replace the World War II wooden buildings, metal hutments, tent platforms and unheated facilities currently available. Most of our training site projects requested for fiscal year 1990 are small in scope. However, we have four major construction projects: two troop support facilities at Camp Gruber, Oklahoma; and one at Camp Roberts, California, that will significantly improve year around training and overnight stay capabilities at these major training sites; and the fourth, a military academy, at Camp Blanding, Florida. The dedicated military academies, such as the one for Camp Blanding, will provide the necessary classroom and field environments to develop future leaders for the ARNG.

Regional training centers.—In partnership with the Active Component and the Army Reserve, the Army National Guard is establishing regional training sites to provide specialized training not available at home stations. The ARNG has proponency for 13 of these regional centers where maintenance personnel can train on equipment they will maintain during wartime. Nine of these facilities have been approved with two now completed and turned over to full time training duties. The 10th center, at Jefferson City, Missouri, is requested for fiscal year 1990, with the 11th, at Pearl City, Hawaii, and 12th, at Nickell Barracks, Kansas, in our fiscal year 1991 request. Another type of regional training center, the Regional Training Site, Medical, will provide ARNG and Army Reserve medical units training with the Army's new deployable medical system (DEPMEDS). The first such center was approved last year at Camp Shelby, Mississippi, and our request this year is for a similar facility at Fort Indiantown Gap, Pennsylvania.

Range modernization.—Our range modernization initiative, incorporating range concepts, target systems and training doctrine developed by the Army, is continuing. The ARNG range program has been developed to modernize our training sites as a means to standardize the type and quality of training. The systems being employed at our major training sites are more complex and more costly to construct than the older fixed position ranges common to our older training sites. These types of new ranges with the automated targeting and scoring systems will permit us to train more troops in less time with higher quality in weapons marksmanship. Other special ranges called Military Operations in Urban Environments Assault Course or "MAC" are being developed to train small units in simulated or live-fire combat conditions in built up or urban environments.

Our fiscal year 1990 request has 12 range projects including the heavy multi-purpose range complex to be constructed at Camp Grayling, Michigan. This range will provide combined arms training opportunities for our combat units similar to our ongoing project at Gowen Field, Idaho.

Our range modernization program is on-track and will improve our combat training capabilities for sustaining unit readiness during the coming decade.

Equipment readiness

The Department of the Army continues to deliver large quantities of equipment to the ARNG under the force modernization program. In fiscal year 1988, equipment valued at $2.7 billion was delivered. Primarily, these items of equipment are the same as in the Active Army; such as, the M-1 Abrams tank, the modernized M-60A3 tank, Bradley Fighting Vehicle (BFV's), Firefinder Radars for artillery units, Improved TOW Vehicles (ITV) M-198 howitzers, Chaparral air defense weapons and the Heavy Expanded Mobility Tactical Trucks (HEMTT) and the High Mobility Multi-Purpose Wheeled Vehicles (HMMWV) replacing older models of tactical wheeled vehicles.

Requirements to maintain and manage this equipment in a go-to-war state of readiness places greater demands on our surface maintenance support. We are meeting this challenge by systematically improving and modernizing our maintenance facilities. The new maintenance facilities have larger workbays to handle the larger sized equipment, and more supply rooms and equipment parking areas. In addition, these improvements are enhancing the quality of life for the full-time work force by providing indoor, well lighted work areas, break areas and quality buildings. New equipment wash platforms and consolidated storage areas at our training equipment sites are reducing the time required for turning in the equipment used during weekend and annual training sessions. We have identified over 530 maintenance facilities in our existing inventory requiring modernization or replacement at an estimated cost of $450 million.

The category of facilities involved include: Organizational Maintenance Shops (OMS) at the unit level; Unit Training Equipment Sites (UTES) where the combat and support equipment is maintained for unit training; and the large Mobilization and Training Equipment Sites (MATES) at our large major training sites, where equipment is centralized to support larger unit training sessions and for potential mobilization. Regional or state-wide direct and general support maintenance on all equipment is provided by our Combined Support Maintenance Shops (CSMS). Our fiscal years 1990 and 1991 requests provides projects to upgrade or replace 12 of the most critical obsolete or inadequate facilities.

AVIATION SUPPORT FACILITIES

The projects we are requesting will permit us adequate space to safely park all types of aircraft, provide separate maintenance hangar space for the regional C-12 aircraft and correct a fire safety condition in the hangar at our Eastern Aviation Training Site at Fort Indiantown Gap, Pennsylvania. However, neither fiscal year 1990 or 1991 programs include requests for constructing or replacing any aviation support facilities. The reason is that the Army's Aviation Modernization Plan (AAMP) recommends realignments in aircraft types and unit structure for both the active and reserve components of the Army. This plan could make significant changes in the ARNG aviation structure and types of assigned aircraft. Even though we have severe overcrowding at some of our aviation support facilities, we must defer development of all modernization projects until the Army's Aviation Modernization Plan is finalized. We anticipate these decisions will be made this year and our aviation modernization program can proceed in fiscal year 1992.

CONCLUSION

Mr. Chairman, my purpose has been to explain to this Committee that the Army National Guard has become an important part of the Total Army Force during the 1980's. Maintaining this position and capabilities has been made possible through the total resources made available to us by the Army and the Congress. Facilities developed during this decade have played major roles in achieving Force Structure, realistic and quality training opportunities, readiness and improving the Quality-of-Life of our "Citizen-Soldier." Because of new missions being assigned to the Guard and the need to constrain resources, our backlog of unfinanced new and continuing mission construction needs will continue to grow. With the current rate of replacement of about 100 years, the facilities we are using today will become severely obsolete before we can get around to modernizing them. Most of the projects requested in our program are to modernize or replace existing inadequate facilities. There are few totally new facilities. We are addressing the problem of backlog reduction, but priority must be given to unit mission and readiness. Our modest construction request for fiscal years 1990 and 1991 has been designed to address our highest priority requirements that will continue to improve the Army National Guard in the 1990's.

This concludes my prepared statement. I appreciate the opportunity you and your committees have afforded me to speak on behalf of more than 457,000 Guardsmen and women worldwide and I would be pleased to answer any questions you may have. Thank you.

NAVAL RESERVE FORCE

Senator SASSER. We turn now to Rear Admiral Chambers.

Admiral CHAMBERS. Thank you, Mr. Chairman and members of the committee. It is a pleasure to appear before you today and present the fiscal year 1990 and 1991 military construction Naval Reserve [MCNR] budget request.

I ask that the complete statement provided be made a part of the record.

The facilities in our program are needed to support a dynamic and ready Naval Reserve Force. The facilities we asked for are required to support a force which is enjoying the highest state of readiness in history and has assumed more roles and missions as a part of the Navy's total force.

In support of our mission, we have a physical plant valued at over $2.6 billion, with facilities which have an average age of 39 years. Many projects we request today replace World War II vintage quonset huts and similar facilities.

We are working hard to upgrade our existing plant, to support our increased readiness posture within the current funding levels.

This is the first year the Marine Corps has functioned as a resource sponsor for the MCNR program. Because of this change, Brigadier General Downs is here today to speak on behalf of the Marine Corps issues in the MCNR program.

PREPARED STATEMENT

I would like to thank this committee for its past support and seek your approval for the projects which comprise this biennial budget submission.

I would be happy to take questions after General Downs gives his testimony.

Senator SASSER. Thank you, Admiral.

[The statement follows:]

STATEMENT OF REAR ADM. RICHARD K. CHAMBERS

It is a pleasure to appear before you and present the fiscal year 1990/1991 Military Construction, Naval Reserve (MCNR) budget request. I would like to thank you for your support of the Reserve program and in particular say that the restoration of split funding during last year's session is most welcomed because of the flexibility it provides us in our relatively small program.

Today, I brief you on the facilities needed to support a dynamic and ready Naval Reserve Force which is growing to a strength of over 160,000 Selected Reserves during the Five Year Defense Plan (FYDP). The facilities we ask for in the budget request are required to support a force which is operating more modern and sophisticated equipment, is enjoying its highest state of readiness in history and has assumed more roles and missions within the "Total Force."

Because of the emphasis the Navy has placed on horizontal integration and the reality of the "Total Force" concept, newer aircraft and ships in increasing numbers will continue to join the Naval Reserve over the next few years. In support of our mission we have a physical plant of over 1,900 individual facilities valued at over $2.6 billion with an average age of 39 years. In many cases this physical plant consists of World War II vintage quonset huts and similar facilities. Not only are these facilities old, but they are also poorly configured to support today's missions and newer equipment. In addition, our backlog of needed construction exceeds $1 billion and is a growing problem. It must be pointed out however, that our facilities needs are not unique, they are mirror images of the facilities needs and problems which face the Navy. The budget we present addresses our fair share of the Navy's resources available for construction.

It should be noted that the preponderance of projects in our program are in support of current mission requirements. They concentrate on the replacement and modernization of facilities which are impacting the ability of the base commander to perform the currently assigned mission. Only two of our fiscal year 1990 projects and four of our fiscal year 1991 projects are in support of new missions. We are working hard to upgrade our existing plant to support our increased readiness posture within current funding levels.

Turning to the Marine Corps program, this year is significant in that it is the first year the Marine Corps has functioned as a resource sponsor for the MCNR program. The Marine Corps Reserve comprises one-quarter of the Marine Corps Force structure and makes significant contributions to the combat power of the Marine Corps. The end strength of the selected Marine Corps Reserve will be 43,600 in fiscal year 1989 and is expected to grow to 44,000 for fiscal year 1990. The Marine Corps, using the green dollar portion of the Navy's program, has made the decision to use part of its allocation to fund Marine Corps Reserve exclusive projects. Because the Marine Corps is now a resource sponsor, Brigadier General Downs is here today to speak on behalf of Marine Corps issues in the MCNR program.

Before I close, I would like to add that the base realignments and closures commission report if implemented will have little effect on the Naval Reserve. The Naval Reserve ships which were to be homeported at the two Gulf coast sites will be reprogrammed to another site. The projects supporting those ships are a part of the strategic homeporting program, and as such a part of the regular military construction program and do not affect the program we discuss today.

The challenge of maintaining a viable and ready Naval Reserve Force in the future can be attributed to our ability to recruit, train and retain top people. In order to accomplish this our people must be provided the best quality of life possible. In this regard, the facilities we request with this biennial budget will improve the quality of life for our people, and provide them with the best possible training environment.

We appreciate the support this committee has provided and seek your approval of the projects which comprise this biennial budget submission.

This concludes my statement Mr. Chairman. I will be happy to answer any questions and to provide additional information, thank you, sir.

MARINE CORPS RESERVE

Senator SASSER. To keep this in the naval service, we will turn now to Brigadier General Downs, speaking for the Marine Corps Reserve.

General DOWNS. Thank you, Mr. Chairman, Senator Grassley. I am pleased to present the Marine Corps Reserve portion of the MCNR program.

As Admiral Chambers has indicated, beginning this fiscal year, the Marine Corps has assumed some budgeting responsibility for its own Reserve Milcon program.

As such, we will contribute a portion of Marine Corps' total obligational authority for the construction of Marine exclusive use projects in the Reserves. Our purpose in becoming our own resource sponsor is to increase the total dollars in the Milcon Naval Reserve applied to Marine projects and to gain more control of our portion of the program.

Funding of Marine exclusive projects has varied widely over the years. By assuming some control, we hope to provide for increased and more stable funding levels.

In this regard, with approval of our 1990 program, the Marine Corps benefit of the MCNR program will increase by 17.5 percent and Marine exclusive projects' value will double.

That completes my opening remarks, sir.

Senator SASSER. Thank you, General Downs.

Should we turn now to General Carpenter or General McMerty.

Mr. ROSAMOND. To General McMerty.

AIR NATIONAL GUARD

Senator SASSER. General McMerty, I want to welcome you particularly before the subcommittee this morning. I understand this is your last appearance before us before you retire.

Is that correct?

General McMERTY. Yes, sir; that's correct.

Senator SASSER. This is going to be your swan song before the subcommittee today. I want to express my appreciation to you for the fine job you have done. In speaking on behalf of the Air Guard, I think you have been a superior advocate. We are grateful for your superior service.

We will turn to you now for your testimony.

General McMERTY. Thank you for the kind words, sir. To be able to work with people like you and your staff, and the people on the minority staff, in my regard, was a privilege. I welcome this opportunity.

Mr. Chairman and members of the committee, it is my pleasure to appear before you with the Air National Guard military construction program requests for fiscal years 1990 and 1991.

The projects in these years are vital to our conversions to more modern weapon systems, support our growth in new and expanding missions, and replace antiquated elements of our physical plant.

Our continued modernization and growth is reflected in our facility construction requirements for new weapon systems, expanded missions, unit relocations, and readiness initiatives.

These requirements constitute over 65 percent of the fiscal year 1990 and 1991 requests.

We appreciate the support and interest this committee gave to our fiscal year 1989 military construction program, and we specifically thank you for the additional funds provided for both design and construction.

The $164.6 million fiscal year 1990 request provides for $155.6 million in major construction, $2.5 million in unspecified minor construction, and $6.5 million for planning and design.

Although our fiscal year 1990 Milcon program provides for our most critical needs, our backlog of urgent requirements continues to grow. By the end of fiscal year 1990, we estimate that our backlog will be approximately $1.1 billion, for a plant replacement value of $10.3 billion.

The average age of our physical plant is approximately 30 years.

The fiscal years 1987 and 1988 major construction programs were the most successful in Air Guard history. We achieved an execution rate in excess of the OSD goal of 95 percent. These rates are within the highest levels of the Department of Defense. We expect the fiscal year 1989 program to reach the same level of success.

We ask your support for our fiscal years 1990 and 1991 military construction program requests. These projects are absolutely essential to the Air Guard to maintain its wartime capabilities as part of the total force.

PREPARED STATEMENT

Mr. Chairman, this concludes my statement on behalf of the Air National Guard's fiscal years 1990 and 1991 military construction requests. The committee's continued interest and support is sincerely appreciated.

Senator SASSER. Thank you, General McMerty.

[The statement follows:]

STATEMENT OF BRIG. GEN. JOHN F. MCMERTY

OVERVIEW

Mr. Chairman and members of the committee, it is my distinct pleasure to appear before this committee with the Air National Guard Military Construction Program request for fiscal years 1990 and 1991. The MILCON projects in these years are vital to support our conversions to more modern weapons systems, to support our growth in new and expanding missions, and to replace our antiquated physical plant. The operational, maintenance, and training requirements in our programs are an essential element in maintaining the high combat readiness of the Air National Guard.

We are able to make a significant contribution to the Total Force through the strong support we receive from the Department of the Air Force, the Department of Defense, and the Congress. We provide a significant portion of the Air Force CONUS alert and support missions, and will provide more of the Air Force combat capability as we continue to grow and modernize our forces. We are able to accomplish this in a cost-effective manner through our traditional Guardsman part-time force, supported by a small full-time workforce.

By the close of fiscal year 1990, the Air Guard will possess 90 percent of the total Air Force Air Defense Interceptor Forces; 49 percent of the Tactical Reconnaissance Forces; 36 percent of the Tactical Airlift Forces; 24 percent of the Tactical Fighter Forces; 19 percent of the Aerial Refueling Forces; and 42 percent of the Tactical Air Support Forces. We also make an important contribution in the Strategic Airlift, Rescue and Recovery, and Special Operations missions. In addition, our mission support units will provide 67 percent of the Aircraft Control and Warning Forces; 67 percent of the Combat Communications Forces; 69 percent of the Engineering and Installation Forces; 26 percent of the Civil Engineering Forces; and 83 percent of the Tactical Weapons Control Forces.

Our continued modernization and growth is reflected in our facility construction requirements for new weapons systems,including the F-15, F-16, XC-135, A-10, C-5, and C-141 aircraft, the expansion and series changes for our C-130 aircraft units, expanded missions, unit relocations, and readiness initiatives. These requirements constitute over 65 percent of the fiscal year 1990 and 1991 requests.

We appreciate the support and interest this committee gave to our fiscal year 1989 MILCON program. We thank you for the additional funds provided for both design and construction. In fiscal year 1989 this committee directed us to include in the fiscal year 1990 program, various projects at seven locations. We included these projects in the fiscal year 1991 program because they did not meet the fiscal year 1990 Congressionally-mandated 35 percent design milestone by 1 January. Since then we have pressed ahead on a very fast track and I can report that some of the projects have reached the 35 percent design stage and we see no problem executing them during fiscal year 1991.

The $164.6 million fiscal year 1990 request provides for $155.6 million in major construction, $2.5 million in unspecified minor construction, and $6.5 million for planning and design. The total request for fiscal year 1990 is our largest ever and is indicative of our need. The major construction portion of the fiscal year 1990 program includes approximately $104 million for facility requirements for force growth and modernization. These are our "new mission" projects as defined by Air Force terminology. The remaining $52 million will be used to replace and upgrade antiquated facilities and utility systems, and is part of our "current mission" program. Our fiscal year 1991 program drops by approximately $60 million when compared to the fiscal year 1990 program. This is attributed in part to budget constraints and to force structure changes.

Although our fiscal year 1990 MILCON program provides for our most critical needs, our backlog of urgent requirements continues to grow. By the end of fiscal year 1990 we estimate that our backlog will be approximately $1.1 billion, for a plant replacement value of $10.3 billion. The average age of our physical plant is approximately 30 years.

The fiscal years 1987 and 1988 major construction programs were the most successful in Air Guard history. We achieved an execution rate in excess of the OSD goal of 95 percent. These rates are within the highest levels of the Department of Defense. We expect the fiscal year 1989 program to reach this same level of success.

In fiscal year 1989 Congress reinstituted split-funding and also simplified the procedures for reporting cost increases based on the low bid for projects costing less than $400,000. We feel these are excellent tools that will assist in the management and execution of the MILCON program.

We ask your support for our fiscal year 1990 and 1991 Military Construction Program requests. These construction projects are absolutely essential for the Air Guard to reach and maintain its wartime capabilities as part of the Total Force. Any reduction in these requests will seriously impact our ability to accept new missions and more modern weapons systems, and will adversely affect the combat readiness of the Air National Guard.

Mr. Chairman, this concludes my statement of behalf of the Air National Guard's fiscal year 1990 and 1991 Military Construction requests. This committee's continued interest and support is sincerely appreciated.

AIR FORCE RESERVE

Senator SASSER. General Carpenter.

General CARPENTER. Thank you, Mr. Chairman.

Before I get into my prepared comments, I would like to make an opening statement, if I may.

This is also my last year to testify before you, sir. I appreciate the opportunity to do this.

For the last 3 years, actually back in 1985, when I came to town, our Milcon program was in the red. I like to think that that had nothing to do with my arrival. [Laughter.]

But we have testified for the last 3 years that we would not be able to balance our checkbook. We told you that last year.

I know that sometimes we feel like graveyard attendants. We talk a lot, but no one around us listens.

But the members of this subcommittee did listen, and we appreciate that. The deficiency allowance that you gave us last year of $7 million really saved our bacon. I want you to know that. We were able to get through the execution of some of our program.

So, on behalf of my boss, Maj. Gen. Roger P. Scheer, and all the men and women of the Air Force Reserve, we would like to thank you for your support last year.

We will come very close this year, hopefully, to balancing our checkbook.

So, it is my pleasure to present our fiscal years 1990 and 1991 biennial military construction program. I will submit my statement for the record and will make some brief comments now, if I may.

To be up front, if you consider the extreme fiscal pressure that we have experienced during this last year's budget formulation process, I would like to say that we were supported by the air staff and supported by OSD. You will see that our Milcon budget request is solid and it represents a bare minimum construction funding, needed to support our assigned mission.

I am also happy to say that, in executing our fiscal year 1988 Milcon program, 30 of our 33 projects were awarded. That was our highest execution rate in the history of the Air Force Reserve.

Sir, I would like to give credit to two gentlemen with me here today, Lt. Col. Will Rodgers and Capt. Steve Moes, who worked that so very hard for us.

We have three projects remaining. One has been awarded this year and the other two will be awarded before the end of fiscal year 1989.

Our fiscal year 1989 Milcon program is well underway. We have four projects of 35 awarded. We have 19 additional projects out on the street for bids.

If we have a good bid environment this year, we certainly hope to execute 35 of 35, which again will be a banner year for the Air Force Reserve.

Mr. Chairman, the Air Force Reserve Milcon budget request for fiscal year 1990 is $46.2 million. Of this, $32.6 million is for major construction, and $3.1 million for minor construction; $10.5 million is for planning and design.

Approximately 45 percent of this budget request is for major construction to support new missions, and 55 percent is for current missions.

Currently, 34 of the 35 projects meet the 35 percent criteria, which again is a record. We do have only one project this year, that is 10 percent design and does not measure up to the 35 percent criteria. That project is at Bergstrom AFB, TX, and is due to an F-16 accelerated conversion. We anticipate no problem in executing this project.

Sir, I am not going to address fiscal year 1991, just to save some time. That is in our long statement and it certainly is available.

What I would like to do is point out to the members of this subcommittee that you will note, and it warrants some explanation, that our fiscal years 1990 and 1991 budget requests are 35 percent and 45 percent less, respectively, than our fiscal year 1989 appropriations. This is due mainly to two reasons. No. 1, we do not have the conversions in 1990 that we experienced in previous years. We are down to about two conversions, where in 1988, we were up to as high as four. The other reason is the baseline, the current mission baseline that we have of $20 million. We established that baseline so we would stop dipping into our current mission funding when we received new missions, and that is good. That is the good news, I guess. The bad news is we did not get quite as much as we would have liked to have received. But we competed and felt that we were treated fairly, compared to the Active Air Force. But still, that gives us a plant renewal cycle of approximately 100 years. That is our concern, as you have heard from the other members. I don't think we can build a structure to last 100 years. We are concerned that we are not able to eat into that backlog. The best we can do is slow down the rate of backlog increase. So, although we feel we received a fair share to meet our current requirements, we will not be able to address the considerable backlog of facility requirements that have resulted from previous shortfalls.

I would like to close, Mr. Chairman, by addressing briefly the impacts of the recently published base realignment and closure report. In all sincerity, there will be minimum impacts, providing we get the funding that is necessary and we get it in a timely manner.

We were impacted at three of the five Air Force bases that are up for closure, those being Norton, Mather, and Chanute.

At Norton, we have a rather large unit there with the 445th Military Air Lift Associate Wing, 48 aircraft. We have about 3,000 Reservists, 330 full time. We represent about 50 percent of that wing's combat capability. We will be moving this unit to March and to McCord, and we think we can handle that, again, if we get the DOD Milcon fund. We do have an aerial port facility under construction there, about $1.7 million. Construction is about 2-percent complete, and we will cancel that project and try to negotiate a buy-out.

At Mather, we have 10 KC-135's, and in the report, sir, they recommend that the Reserves remain at Mather if the civilian authorities are interested in operating the field. We hope that this will happen, and for two reasons. First, it will save about $30 million in military construction if we remain at Mather. Second, if we are ever called upon to expand our roles and missions, Mather would offer that opportunity. Otherwise, if we move to McClellan, we can do that, but at the expense of about $30 million.

At Chanute Air Force Base, we have a civil engineering unit. We will move that unit. We have not decided yet exactly where the location will be. We have a civil engineering facility there, in our fiscal year 1990 program, that is about $1 million, 90 percent designed. We have stopped the design on that project, waiting for the outcome of the closure assessment.

So, in summary Mr. Chairman, I would say that our goals are to execute a balanced military construction program in concert with our O&M program, and to obtain an optimum return on every dollar.

I think the bottom line is that during this time of severe budget constraints, when I believe that the Air Force Reserve will be asked to do more, we certainly must not hamper or reduce the effectiveness of the Air Force Reserve and its contribution to the total force capability.

PREPARED STATEMENT

If we get the program that we have asked for in fiscal years 1990 and 1991, we feel the Air Force Reserve will be stronger and it will be better prepared to meet whatever challenges lie ahead.

Thank you, Mr. Chairman.

I will be pleased to answer any questions.

[The statement follows:]

STATEMENT OF BRIG. GEN. SHIRLEY M. CARPENTER

INTRODUCTION

It is my pleasure to appear before you today and present the Air Force Reserve's Fiscal Year (FY) 1990 and 1991 Biennial Military Construction (MILCON) Program and to request the necessary authorization and appropriation for program execution.

Speaking for all members of the Air Force Reserve, the support this committee provides is greatly appreciated. The budget deficiency allowance approved by Congress last year will allow us to solve the funding shortfall problems that I've discussed the past three years. These funds will be used to execute our delayed FY 1987 Hangar project at Westover AFB during the third or fourth quarter of this fiscal year.

Considering the extreme fiscal pressures during this year's budget formulation process, we were supported by the Air Staff and Office of the Secretary of Defense. Our MILCON budget request is solid and represents the bare minimum construction funding needed to support our assigned missions. I would like to take a few moments to share with you the status of our force, progress we have made the past year, some of our operational achievements, potential impacts of the base realignment and closure report, and some of the various challenges that lie ahead.

Manpower

The Air Force Reserve has experienced significant mission growth over the past decade and a half. You have made this possible by providing the end strength required to meet our wartime and contingency tasking responsibilities. The Air Force Reserve end-strength grew to 82,116 in FY 1988, a total that has nearly doubled since 1973. Simultaneously, however, the ratio of full-time support (civilians and Air Reserve Technicians) to Reserve unit end-strength actually declined from 25 to 20 percent. Budgetary restrictions have prevented full-time support and management requirements from keeping pace with Reserve end-strength increases. Additionally, the Goldwater-Nichols DoD Reorganization Act imposed growth restrictions on Reserve management headquarters. The combination of these two factors jeopardizes our ability to provide adequate support to our field units in the face of increasing readiness requirements.

Equipment Modernization

The primary goal of the Air Force Reserve is to sustain a superior combat ready force. Today, the Air Force is making great qualitative strides in this effort by providing many of our flying units with some of the more modern aircraft in America's arsenal. The support Congress has given the Air Force has made these modernization efforts possible. We will do everything possible to ensure that the capabilities of these weapons systems are fully exploited.

We are continuing to upgrade our tactical fighter force in FY 1989 with the conversion of the F-4 units at Tinker AFB, Oklahoma and Homestead AFB Florida to the F-16 aircraft. However, budget constraints and delays in upgrading active units to newer F-16C/Ds have slowed modernization of our fighter force at other Reserve locations. We now plan to complete F-4 unit conversion to F-16A/B at Wright-Patterson AFB, Ohio in early FY 1990 and will similarly convert Carswell AFB and Bergstrom AFB, Texas in late FY 1991. Any further delays in planned active duty F-15 and F-16 procure-ment levels will extend our aging F-4s seriously affecting our war fighting capability.

This continuing modernization of our tactical fighter force with the F-16 brings a corresponding challenge to the Reserve as we prepare to meet the anticipated threat well into the 21st Century. We must now address the midlife upgrade of these aircraft while ensuring commonality with the active Air Force and our allies. We coordinate our efforts with the Air Force and NATO as an active member of the Multi-national Fighter Program.

The Congressional add of six C-130H aircraft in FY 1989 will allow us to convert six of eight C-130Bs at Youngstown, Ohio even sooner than expected. As an added benefit, rather than an interim conversion of this unit to C-130E model aircraft as originally planned, we are now able to move directly to the C-130H. It has been our experience that eight Primary Assigned Aircraft (PAA) is the minimum size for an efficient unit structure -- and we hope, with continued Congressional support in 1990, to complete the Youngstown modernization with two additional C-130Hs.

Thanks to a Congressional add of C-130H aircraft in FY 1988, the Air Force Reserve will retire its last C-130A tactical airlifters this year. The only C-130As remaining in the Reserve are the dated gunships at Duke Field, Florida. The active Air Force procurement of the new AC130U will release upgraded H-model gunships to replace those A-models. This replacement is critical as these 30-plus year old AC-130As offer only limited capability to the increasingly important special operations mission.

In the past year we acquired an increased strategic airlift capability at our unit-equipped C-141 and C-5 wings. The 459th Military Airlift Wing (MAW) at Andrews AFB, Maryland is fully converted to eight C-141B aircraft and the 433rd MAW at Kelly AFB, Texas completed its conversion from 16 C-130Es to 15 C-5s assigned as of December 1988. Earlier this year the 439th MAW at Westover AFB, Massachusetts received the remainder of its 14 C-5s. We will continue this effort by replacing eight C-130E model aircraft at Rickenbacker ANGB, Ohio, with 12 C-141Bs beginning in FY 1991. These unit conversions allow us to operate and maintain valuable strategic airlift aircraft economically at a low peacetime tempo while maintaining a high wartime surge capability.

Another important airlift enhancement is the C-17A. The development of this aircraft will ensure a quantum leap forward for our nation's airlift capability. Its timely acquisition will provide a critical improvement in the ability of the Air Force to project conventional forces wherever they might be needed. As I indicated last year, this is the first time in Military Airlift Command (MAC) history that a production line strategic airlift aircraft is scheduled to go directly into a unit-equipped Reserve organization. Unfortunately, the stretching out of this program will have a ripple-down effect on overall Air Force Reserve modernization efforts. Delays in the delivery of C-17As to active units slow the subsequent trans-fer of their resources to and between Reserve units. We strongly urge this important program be kept on track.

We have been a full partner with the active Air Force in direct support of the strategic mission. Our KC-135E aerial refueling units at Grissom AFB, Indiana, and March AFB and Mather AFB, California will each receive 2 additional aircraft in FY 1990. This is the result of the deactivation of an active KC-135 unit. Congress has provided the funds to upgrade these KC-135As to the KC-135E configuration with the attendant significant increase in capability and maintainability. The addition of these six aircraft will allow the Air Force Reserve to provide the active Air Force with three added lines of alert.

Perhaps the Air Force Reserve's greatest challenge is to provide our personnel with state-of-the-art training programs. We must be able to meet the inevitable increase in future readiness goals without adding to our Reservists' already over-burdened participation requirements. These new programs include self-paced programmed instruction, part-task trainers, multi-media learning programs, and computer simulation. Congress has generously supported our past training requirements and we look forward to your continued support in the future.

Operational Achievements

Air Force Reserve flying units logged more than 223,000 hours in FY 1988, flying unit-equipped and associate strategic airlift, tactical airlift, fighter, rescue and tanker aircraft. Our flying is not limited to local training missions. In quantitative terms, the by-product of our world-wide Reserve contribution to MAC is impressive. MAC-gained units flew in excess of 140,000 hours in FY 1988. Our Reserve tactical airlift was responsible for deploying 32,000 troops (airdropping 16,000) and 4,000 tons of cargo (airdropping 500 tons). We continue to play an important role in REFORGER in Europe. Reserve crews and aircraft were even called upon to transport Intermediate Nuclear Forces Treaty verification teams to Moscow.

The Air Force Reserve, in conjunction with the Air National Guard, continues to maintain a year-round rotation in Panama in direct support of United States Southern Command (USSOUTHCOM) with six C-130s, seven aircrews, and 60 support personnel. Last year VOLANT OAK crews flew 331 missions carrying over 10,000 passengers and over 2500 tons of cargo. A significant portion of this effort was in support of USSOUTHCOM's "Good Neighbor Programs."

In the area of competitions, a Reserve crew was selected as the "Best KC-10 Crew" during the 1988 SAC Bombing and Navigation Competition. Assigned to the 452nd Air Refueling Wing (AREFW), March AFB, California, the crew amassed an impressive score of 98.55 out of a possible 100 points.

In March of last year, a Reserve crew from the 459th MAW Andrews AFB, Maryland, responded to an urgent request to support the deployment of the 82nd Airborne Division into Honduras. This Reserve crew, commanded by Major Tom Carter, flew the first aircraft into Palmerola Air Base, Honduras, in support of JCS Exercise "GOLDEN PHEASANT."

Crews from six Reserve units supported a civilian UN Peacekeeping deployment to Iraq in August of 1988. Known as "OPERATION POST ROAD," we lifted 316 tons of cargo and 170 passengers during this deployment.

In conjunction with proficiency training, our flying units are often requested to provide a variety of humanitarian services. Air Force Reserve units were credited with saving 49 lives in FY 1988 while performing over 100 search and rescue missions. During 1988, we transported over 880,000 pounds of humanitarian relief supplies, including 66,000 pounds of life-saving cargo to Jamaica after last year's devastating hurricane.

Most recently, Reserve crews from the 459th MAW, Andrews AFB, Maryland, 439th MAW, Westover AFB, Massachusetts, and 433rd MAW, Kelly AFB, Texas were instrumental in flying emergency missions to support the Armenian earthquake relief effort. Our crews became ambassadors of goodwill as they provided vitally needed supplies to survivors of this tragedy.

It is also important to remember that we have over 12,000 highly trained Individual Mobilization Augmentees (IMAs) who work directly with their active duty counterparts. As but one example of the contributions these IMAs make, the Air Force Systems Command has documented over $178 million in cost savings since 1982 directly attributed to the efforts of their assigned IMAs.

Unique Reserve Missions

The Air Force Reserve has several unique missions. We provide 100% of the DoD fixed-wing, large area aerial spray capability. Additionally, along with the Air National Guard, we provide 100% of the Air Force augmentation to the airborne fire fighting effort of the US Forestry Service. In support of this mission, the 943rd Tactical Airlift Group from March AFB, California dropped over 498,000 gallons of fire retardent during 166 missions as they helped firefighters battle the raging forest fires in our western states this past year.

MILITARY CONSTRUCTION

Prior Year Execution

I am happy to say, in executing our FY 1988 Military Construction (MILCON) program, 30 of 33 projects were awarded, an execution rate of 91%, the highest in the history of the Air Force Reserve. Of the remaining three projects, one is now awarded; the other two will be awarded this year.

Current Year Execution

Our FY 1989 MILCON program is well under way with 4 of 35 projects awarded and 19 additional projects out for bids. With a good bid environment, we will execute all 35 projects this year, which will be another record.

FY 1990 MILCON Budget Request

The Air Force Reserve MILCON budget request for FY 1990 totals $46.2 million; $32.6 million for major construction, $3.1 million for minor construction, and $10.5 million for planning and design. Approximately 45% of the major construction supports new mission, and 55% supports current mission. Currently, 34 of the 35 projects meet the 35% design criteria. The one late project, at Bergstrom AFB, Texas, is 10% designed and supports an accelerated F-16 conversion. We anticipate no difficulty in completing the design and executing this project.

FY 1991 MILCON Budget Request

Our MILCON budget request for FY 1991 totals $38.5 million; $31.9 million for major construction, $3.1 million for minor construction, and $3.5 million for planning and design. Approximately 26% of major construction supports new mission and 74% supports current mission. Design of this program is proceeding satisfactorily.

Reduced MILCON Funding

Mr. Chairman, our FY 1990 and 1991 budget requests are 35% and 45% less, respectively, than our FY 1989 MILCON appropriation. These decreases are primarily due to reductions in new mission requirements but also due to the establishment of a current mission baseline somewhat below our desired funding level. Based on the strategy used to formulate our current mission baseline, the Air Force Reserve received it's fair share of funding in comparison with the active Air Force. However, additional construction requirements exist and our current mission baseline funding level restricts us from doing more in the area of physical plant renewal, modernization and upkeep. Presently, our plant renewal cycle is approximately 100 years, based on an annual current mission funding level of $20.0 million. This equates to only one percent of our plant replacement value of $2.0 billion. A 100 year renewal cycle is simply too long. We are now operating in a catch-up mode in constructing facilities to renew and modernize our physical plant and to support manpower builds from past years when priority funding was then given to new mission requirements.

Base Realignment and Closure Report

At this point, I would like to briefly discuss the impacts the recently published base realignment and closure report has on the Air Force Reserve MILCON program. These impacts are relatively minimal and can be easily worked if the necessary funding is provided in a timely manner. As realignment alternatives and closure assessments continue, our cost estimates are subject to change. The Air Force Reserve is impacted at 3 of the 5 Air Force Bases recommended for closure:

- **Norton AFB, California (445th Military Airlift Wing-Associate), 48C-141s:**

  The estimated MILCON cost for our unit to move out of Norton AFB is $18.5 million. This unit has over 3,000 reservists and 330 full time personnel, representing almost 50% of the wartime requirement of the 48 C-141s assigned to the active 63rd MAW at Norton AFB. We hope that our MILCON requirements at the new locations, March AFB, California, and McChord AFB, Washington, will be covered by the DoD MILCON fund for base closures. We have one FY 1988 project now under construction at Norton, Aerial Port Facility, $1.7 million, construction is 2% complete. We will cancel this project and negotiate a buy-out cost with the contractor.

- **Mather AFB, California (940 Aerial Refueling Group), 10 KC-135 (8 currently, 2 additional aircraft in FY 1990/4):**

  The report recommends our unit remain at Mather. If local authorities elect to operate Mather as a civilian airport and our unit remains in-place, a saving of $30.0 million in MILCON would be realized. There will be no impact on our unit. On the other hand, if we move to McClellan AFB, the estimated MILCON cost is $30.0 million. Presently, we have one FY 1989 project at Mather under design, 90% complete. The design has been stopped.

- **Chanute AFB, Illinois (912 Civil Engineering Squadron):**

  The Air Force Reserve will need to relocate this civil engineering squadron. The new location(s) and cost are unknown at this time. We have one MILCON project in our FY 1990 program, a civil engineering facility at Chanute AFB with a programmed amount of $1.0 million. The project is 90% design complete. We have also stopped design on this project pending the outcome of the closure assessments.

CONCLUSION

In summary, our goals are to execute a balanced MILCON program in concert with our O&M program, to obtain the optimum return on every dollar, and to obtain the optimum functional facility for our investment. Our FY 1990 and 1991 MILCON budget requests are significantly reduced from our FY 1989 appropriations. Until the last few years, this program was consider-ably underfunded and did not allow for timely replacement and/or repair of World War II facilities. The current request, although a fair share under today's constraints, will once again add to the already considerable con-struction back-log of facility requirements. During a time when we are being asked to do more, the Air Force Reserve contributions to Total Force capability must not be hampered or reduced. With a fully approved FY 1990 and 1991 budget, the Air Force Reserve will become stronger and better prepared to perform our wartime mission.

This concludes my statement, Mr. Chairman, I am prepared to answer your questions.

PROGRAM BACKLOGS

Senator SASSER. Thank you very much, General Carpenter.

I want to thank all of you for your testimony here this morning.

As I said earlier, Mr. Rosamond, the subcommittee has traditionally supported the requests of our Guard units and our Reserve units, and I suspect we will do the same this year.

I would ask if each one of our witnesses today would provide for the record a statement of the magnitude of your military construction backlog.

Mr. ROSAMOND. We would be glad to do that, Senator.

[The information follows:]

The Reserve component Military Construction program backlog is: Army National Guard, $2,660,000,000; Army Reserve, $2,300,000,000; Naval Reserve [1], $1,046,000,000; Marine Corps Reserve, $94,000,000; Air National Guard, $1,100,000,000; and Air Force Reserve, $696,000,000.

[1] Includes joint Naval and Marine Corps Reserve projects.

CONTRIBUTIONS TO TOTAL MILITARY FORCE

Senator SASSER. Now, would each of you also provide a chart for the record which lists your contributions to the total force. We ask for this because I think very few people really understand the very substantial contribution of both our National Guard and our Reserve to the total military force of this country.

[The information follows:]

Contribution of the National Guard and Reserve Components to the Total Military Force of this country is:

CONTRIBUTIONS BY ARMY RESERVE COMPONENTS TO THE TOTAL FORCE

UNIT TYPES	TOTAL ARMY: ARMY NATIONAL GUARD	TOTAL ARMY: ARMY RESERVE
TOW Light Anti-Tank Infantry Battalions	100	0
Infantry Scout Troops	100	0
Heavy Helicopter Company	100	0
Training Divisions	0	100
Training Brigades	0	100
Judge Advocate General Units	2	98
Railroad Units	0	100
Rear Area Operations Center	100	0
Civil Affairs Units	0	97
Public Affairs Units	64	30
Pathfinder Units	46	5
Supply and Service Units	31	40
Psychological Operations Units	0	89
Maintenance Companies (General/Direct)	46	28
Infantry Battalions	74	5
Corps Support Groups, HHC	17	62
Separate Brigades	66	9
Chemical Units - Smoke Generator	0	68
Engineer Bridge Company (Non-divisional)	48	26
Army Hospitals	11	65
Medical Units (Other)	24	69
Conventional Ammunition Companies	17	43
Combat Engineer Battalion/Units	43	30
Truck Companies	37	30
Military Police Companies (Non-divisional)	46	20
Corps Signal Battalions	47	16
Armored Cavalry Regiments	57	0
Field Artillery Battalions	47	9
Major Logistics Units	22	31
Watercraft Companies	7	29
Special Forces Groups	25	25
Mechanized Infantry Battalions	47	2
Armored Battalions	43	2
Petroleum, Oil & Lubricant Companies	0	59
Combat Divisions	36	0

Medium Helicopter Companies AVN Units	11	12

NOTE: Percentages determined by counting like-type units.

CONTRIBUTIONS BY THE NAVAL RESERVE TO THE TOTAL NAVY

UNIT TYPES	PERCENT OF TOTAL NAVY
CONUS-based Logistic Airlift Squadrons	100
CONUS-based Fleet Composite (Service) Squadrons	100
Light Attack Helicopter Squadrons	100
Combat Search & Rescue Squadrons	100
Mobile Inshore Undersea Warfare Units	100
Naval Control of Shipping (Military Personnel)	99
Cargo Handling Battalions	93
Military Sealift Command Military Personnel	85
Ocean Minesweepers	82
Special Boat Forces	57
Mobile Construction Battalions	65
Medical Support (Military Personnel)	34
Fleet Hospitals	56
Maritime Air Patrol Squadrons	35
Intelligence Personnel	35
Airborne Mine Countermeasures Squadrons	25
LAMPS Anti-Submarine Warfare Squadrons	33
Frigates (FFG-7s/FF-1052s)	16
Carrier Air Wings	14
Amphibious Warfare Ships	5

NOTE: Percentages determined by counting like-type units.

CONTRIBUTIONS BY THE MARINE CORPS RESERVE TO THE TOTAL MARINE CORPS

UNIT TYPES	PERCENT OF TOTAL MARINE CORPS
Civil Affairs Groups	100
Salvage Platoons	100
Force Reconnaissance Units	50
Air/Naval Gunfire Liaison Companies	50
Force Service Support Group Military Police	40
Tank Battalions	40
Beach and Port Companies	40
Heavy Artillery Batteries	33
Division Reconnaissance Companies	25
Light Anti-aircraft Missile Battalions	25
Infantry Battalions	27
Marine Air Control Groups	25
Marine Wing Support Groups	25
Bulk Fuel Companies	62

Force Service Support Groups	25
Forward Area Air Defense Batteries	25

NOTE: Percentages determined by counting like-type units.

AIRCRAFT TYPES

Light Attack Aircraft	28
Observation Aircraft	33
Aerial Refueling Aircraft	29
Electronic Warfare Aircraft	18
Helicopters	18
Fighter Aircraft	20

NOTE: Percentages determined by counting primary authorized aircraft.

CONTRIBUTIONS BY AIR RESERVE FORCES TO THE TOTAL AIR FORCE

UNIT TYPES	AIR NATIONAL GUARD: PERCENT OF TOTAL AIR FORCE	AIR FORCE RESERVE: PERCENT OF AIR FORCE
FLYING UNITS		
Aircraft		
Aerial Spraying Capability	0	100
CONUS Strategic Interceptor Forces	90	0
Theater Airlift Aircraft	36	26
Tactical Reconnaissance	49	0
Tactical Air Support	42	0
Air Rescue/Recovery	23	22
Tactical Fighters	24	8
Weather Reconnaissance	0	28
Aerial Refueling/Strategic Tankers	19	4
Support Aircraft	18	0
Special Operations	11	19
Strategic Airlift Aircraft	6	9
Gunship Capability	0	50

NOTE: Percentages determined by counting primary assigned aircraft.

Aircrews		
Aeromedical Evacuation Crews Capability	24	71
Strategic Airlift (Assoc)	0	50
Tanker/Cargo (Assoc)	0	43
Aeromedical Flight Crews (C-9)	0	30

NOTE: Percentages determined by counting aircrews authorized.

NON-FLYING UNITS		
Aircraft Control and Warning	67	0
Combat Communications	67	0
Engineering Installations	69	0
Aerial Port	13	47
Combat Logistics Support Squadrons	0	60
Tactical Control	83	0
Civil Engineering Personnel	24	20
Strategic Airlift Maintenance Personnel	0	40

Medical Personnel*	25	14
Weather	14	1
USAF Bands	32	0
RED HORSE	29	14
RECCE TECH	32	0
Electronic Security	1	0

NOTE: Percentages determined by counting personnel authorized.
*Excludes aeromedical evacuation crews

GUARD AND RESERVE CONTRIBUTION

Senator SASSER. I have referred in times past to the Guard and our Reserve components as perhaps the biggest bang for our defense buck, and I still believe that it is. I think as we move into what appears to be an era of declining defense budgets, we are going to be relying more and more on our Guard and Reserve components.

I have no additional questions at this time.

Senator Grassley, do you have some questions?

Senator GRASSLEY. You know, there is a lot of talk around town in DOD and a great deal of planning when it comes to cutting defense spending that would lead to the reduction of active duty troop strengths, and, of course, the end result of increasing the role of the Guard and Reserve.

If that were to happen, I am sure that it would have a tremendous impact on the facility requirements for the Guard and Reserve, if that assumption is correct. What long-term planning is being done in this regard?

Mr. ROSAMOND. Senator, I would like to address that, if I may.

First, if the force structure is moved, obviously we need to know what the force structure is and where it is going to be placed to make an assessment of new facilities required. Based on where it is bedded down, we would be in a position to try to resource the beddown facilities shortfall. Until the what and where considerations are known; it is difficult to put a price tag on it, or to address it with any accuracy. We are certainly aware of the talk. To be quite candid with you, it is on my mind every day.

Senator GRASSLEY. I think the answer to your question, then, is that you cannot do any long-term planning, so there is no long-term planning being done.

Mr. ROSAMOND. Well, I cannot say that the services aren't addressing the planning from a facilities point of view.

Senator GRASSLEY. Are there some scenarios being worked out in anticipation of that, or not even that far?

Mr. ROSAMOND. If there are, I have not been privy to them. As soon as I am, I will take appropriate staff actions, as required, Senator.

Senator GRASSLEY. I understand that over the past few years, only the Guard and Reserve accounts have increased, when the final appropriations bill becomes law. Yet, the budget requests continue to reflect a higher priority within the Defense Department for the Active Forces.

I want to know, from your point of view, why you see this to be a fact.

Mr. **Rosamond**. I think when you assess the priorities in the total Defense Department, we have to base that on the capabilities, the threat, and so forth.

I think, in the past, the Guard and Reserve, from all accounts, both personnel, equipment, and facilities, have grown quite tremendously over the last 8 years. Your comments about how we see reductions in other programs and adds by the Congress to the Guard and Reserve are true.

I really feel that we are in a process of assessing the Reserve Forces. They are becoming more important every day. I try to bring your point regarding Reserve Forces resourcing within the Department and it is done accordingly. It just takes time. We cannot jump into the 21st century overnight.

Maybe I am not addressing your question in the way you would like it to be addressed. But those are my general comments.

Senator **Grassley**. As long as you are candid, that is all I care about.

Mr. **Rosamond**. I'm sorry?

Senator **Grassley**. I say that if you have been candid with me——

Mr. **Rosamond**. I'm always candid, Senator.

Senator **Grassley** [continuing]. Then you have addressed my concern.

My next question deals with the most pressing facility requirements for the Guard and Reserves. I know that you could go on and on and make a long list. But the main point is what is being done to meet the requirements? And, in regard to that, is there any sort of master plan?

Mr. **Rosamond**. I would like to talk to that and I would welcome any comments from my colleagues at the table.

First, this past summer, in the budget process, we developed a reasonable plan. The gentlemen at this table and their staffs thoroughly analyzed their programs. They know what their requirements are. We believe in the 2-percent replacement policy; replacement every 50 years. In terms of the backlog, it is about $7.6 billion.

I submit to you, Senator, 4 years ago, we didn't know what the backlog was. Now we know. We know what it takes to reduce it in a systematic way. The program is being executed.

Yes; I do think we have a plan. Each one of these components knows what their needs are, what it is going to take to get from A to B. I am very confident of that.

Senator **Grassley**. And that is all on paper, not just in somebody's mind?

Mr. **Rosamond**. It's on paper. It's been in my office and I've seen it—by service, I might add, not components.

Senator **Grassley**. I would like to have you discuss for me, if you could, what role does the Office of the Assistant Secretary for Reserve Affairs play in determining the level of funding for military construction within the Reserve components.

Mr. **Rosamond**. Senator, I would be delighted to do that.

First, when the total obligation authority is given to the services, it is given to them in bulk. It is a service decision, how they break out the dollars, the obligation authority among appropriations.

They submit—and I am giving you the scenario of this past summer, if I may—they submitted their programs for OSD review. At that point in time, in my office, particularly, and that of Secretary Duncan, we took exception to the services' submission funding level. We made it an issue in the DRB process. It was not changed in the DRB process in the summer. The service submission was sustained.

We went out and reassessed the programs, recounted the backlog. We prioritized it and we again submitted it to DOD leadership where it was debated again and sustained, as attested to in Secretary Taft's letter to the chairman of the full committee.

We play. We play heavy. That does not say, though, that we win every time.

My relationship with the Controller is excellent. The decision not to add funds were made at the highest levels. They were surfaced to the highest levels.

I felt personally that I had a moral obligation to the gentlemen at the table, to the guidance of this committee from last year, and I did that.

But that does not necessarily mean that I won. But it also means that I support, after the deliberations, the decision. I fully support the budget that is before you today.

But we do play, and we play hard.

Senator GRASSLEY. Mr. Chairman, I have no further questions.

In regard to the invitation I gave to the first panel, you don't have to worry about paying me any courtesy calls or anything. But if there is any reason that anybody needs to talk to me privately in my office about any of these matters of concern, just make your wishes known to me and I will be glad to sit down and talk to you.

Mr. ROSAMOND. Senator, we thank you for that courtesy.

ADDITIONAL COMMITTEE QUESTIONS

Senator SASSER. Thank you very much, Senator Grassley.

I have questions for the record from Senator Robert Byrd, which will be submitted. We would ask for prompt answers.

Also, we will be receiving some questions for the record from Senator Reid, a distinguished member of our subcommittee. We would ask you also to respond to those in a timely manner, Mr. Rosamond.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

MILITARY CONSTRUCTION.OVERVIEW GUARD AND RESERVE REQUESTS

QUESTION: Secretary Rosamond, please update for me status of the Army, Navy, and Air Force task forces which have been appointed by the several Service Secretaries, at my request, to increase the military presence in West Virginia, especially in the areas of the Guard and Reserve?

ANSWER: The Army Staff has examined the structure of all three Components of the Army currently located in West Virginia and the structure scheduled for activation during the Program Objective Memorandum (POM). Our assessment indicates that current and programmed structure is balanced based on demographic analysis.

Active Component structure consists of elements of U. S. Army Recruiting Command (USAREC); Reserve Officer Training Corps (ROTC), and a Military Entrance Processing Station (MEPS).

As of December 1988, West Virginia USAR units assigned strength was 75% of authorized (4236 authorized, 3146 assigned). However, units (6) activated in FY88 make up the majority of the understrength units. These units percentage is slightly over 50% aggregate. Emphasis should be placed on increasing the strength of these units.

Assigned strength of ARNG units in West Virginia is approximately 89% fill. Two Air Ambulance Detachments are currently scheduled to activate in FY89. Efforts should focus on improvements of the strengths in these units as first priority.

The Navy has again reviewed the task forces report. This review finds that the Naval and Marine Corps Reserve have the needed facilities to support their current and anticipated training needs in West Virginia.

As per previous correspondence the Navy continues to stand ready to provide information on opportunities for increased research activities in West Virginia.

The Air Force Task Force completed a thorough study of the possibility of increasing Air Force presence in West Virginia. The result was the creation of a Civil Engineering unit in the state. The task force on West Virginia was unable to provide recommendations for additional force structure in West Virginia in the foreseeable future. Its business completed, the task force disbanded. However, the Air Force will continue to look for force structure candidates as additions to existing locations in West Virginia, when resources are available.

QUESTION: What is the latest status of the nine new Army and Air Force Reserve units established at my request in West Virginia which will provide nearly 1,300 full- and part- time jobs with an annual economic impact or more than $13 million, most of which were outlined in Secretary Marsh's letter to me dated March 15, 1988?

ANSWER: Status of the units outlined in Secretary Marsh's March 15, 1988 letter is as follows:

UNIT	STATUS	LOCATION	DATE	ASG/AUTH
3rd Bde, 80th Tng Div	Activated	Charleston	18Sep88	15/59
2nd Bn, 320th Rgt	Activated	Beckley	18Sep88	40/326
3rd Bn, 320th Rgt	Activated	Charleston	18Sep88	18/256
302nd Fld Hosp	Activated	Huntington	17Sep88	132/434
473rd Med Co. Amb	Activated	Ripley	16Sep88	18/99
313th MP Det, PWIC	Activated	Charleston	16Sep88	13/62

Two other units are scheduled to activate in West Virginia in FY 90. The 396th Heavy Equipment Maintenance Company and the 386th Military Intelligence Company. Equipment shortages and funding constraints may delay activation of these units to a subsequent FY, however, alternative type organizations are being reviewed to activate as replacement units.

Detachment 1, 911th Civil Engineering Squadron, Morgantown, WV, the only Air Force unit, was activated on 1 July 1988. The latest strength is as follows:

	Officer	Enlisted	Total
Authorized	1	49	50
Assigned	1	41	42

As of: 31 Jan 89
Note: This unit is expected to be at full strength by FY 90/1.

This unit is presently housed in the U. S. Air Force Reserve Cantonment at Greater Pittsburgh IAP. The Air Force Reserve FY 1989 MILCON project, Civil Engineering Training Facility at Morgantown is under design with completion estimated March 1989; estimated construction start June 1989; estimated construction completion June 1990. To execute this project, Congressional approval of a reprogramming request may be required. This approval may be necessary because the current working estimate (CWE) is approximately 135% of the program amount. The high CWE results from additional foundation requirements being designed into the project to site and construct the facility over an old mine shaft. The cost to execute this project will not be known until bids are received. The need to reprogram the project will be determined at that time.

QUESTION: What specifically is the status of the new 62-member 313th Military Police Detachment being established at my request in Logan County?

ANSWER: The 313th Military Police Detachment prisoner of war information center was activated 16 September 1988 in Charleston, West Virginia. It is currently recruiting personnel and requisitioning equipment. It will be moved to Logan County, West Virginia when facilities become available. Of 62 personnel, 13 have been recruited.

QUESTION: What are the plans for rental facilities and eventually a new Reserve Center for this unit?

ANSWER: The Baltimore district, United States Army Corps of Engineers and the 99th Army Reserve Command are examining all of the available sites in the Logan/Mingo County area for a facility which will satisfy the space requirements for this detachment. As of this date, the final selection has not been made. The 313th Military Police Detachment was formally activated on September 16, 1988, and is temporarily housed in the Charleston, West Virginia, Armed Forces Center until a leased facility is acquired. At present, construction of a government-owned facility for this unit is not programmed.

QUESTION: What is the status of the two new Army National Guard air ambulance (helicopter) units scheduled to be activated at Parkersburg in September, 1989 in response to my request?

ANSWER: The two Army National Guard air ambulance detachments are currently scheduled to activate at Parkersburg, WV, as programmed. Activation date for both detachments remains September, 1989.

QUESTION: What is the status of rental facilities and construction of a new facility for the 302nd Army Reserve Field Hospital which was recently established at my request in Huntington, West Virginia?

ANSWER: The Lease Planning Report prepared on October 11, 1988, by the Baltimore District, United States Army Corps of Engineers, has recommended the former Hecht's store located at 14th Street West and Jackson Avenue as the preferred site for housing this unit. It consists of 43,300 square feet of office/administrative area, 7,500 square feet of storage area, and 3 acres of parking. The entire facility is centrally air-conditioned. The owner is asking $129,900 per annum, unserviced. The owner is also willing to perform the necessary alterations and amortize the cost of the alterations over the term of the lease. The 302nd Field Hospital was formally activated on September 17, 1988, and is temporarily housed in the Huntington, West Virginia, United States Army Reserve Center until a leased facility is acquired. At present, construction of a government-owned facility for this unit is not programmed.

QUESTION: I am advised that there exists a backlog of over $5 billion worth of Reserve Centers and Armories. Please provide for the record a listing of the West Virginia projects in the backlog, along with a short description of each project, and the estimated cost of each project.

ANSWER: The Services have provided the following National Guard and Reserve information:

ARMY NATIONAL GUARD

The Army National Guard has the following West Virginia projects identified in their backlog. The state project priority is noted in the parenthesis in the Federal CWE column.

LOCATION	PROJECT	FEDERAL CWE($000)	DESCRIPTION
Beckley	Armory Add/Alt	559 (38)	Construct an addition/ alteration to an existing facility constructed in 1962.

Bluefield	Armory Add/Alt	652 (29)	Construct an addition/ alteration to existing facilities constructed in 1964.
Buckhannon	US Property & Fiscal Office	1500 (3)	Construct a new replacement office of approximately 16,265 SF.
Buckhannon	Armory Storage & Training	915 (13)	Construct a new armory facility to replace the existing Stated owned armory constructed in 1950.
Camp Dawson	Training Site Phase IV	1135 (5)	The training site has been sized as 1,000 person year-round training facility. Present accommodations do not provide adequate administrative, maintenance storage and training facilities to promote maximum effective training of individuals and units.
Camp Dawson	Training Site Phase V	970 (22)	Construct a Battle Simulation Building, Jr. Off/WO BOQ and a Maintenance Shelter. These facilities are required as support facilities for the training site.
Charleston	Armory Add/Alt	1125 (4)	Construct an addition/ alteration to the existing facility constructed in 1962.
Clarksburg	Armory Add/Alt	474 (32)	Construct an addition/ alteration to the existing facility constructed in 1963.
Dunbar	Armory Add/Alt	670 (14)	Construct an addition/ alteration to the existing facility constructed in 1959.
Elkins	Armory Add/Alt	430 (36)	Construct an addition/ alteration to the existing facilities constructed in 1962.
Fairmont	Armory Add/Alt	524 (28)	Construct an addition/ alteration to the existing facility constructed in 1963.
Gassaway	Armory Add/Alt	652 (18)	Construct an addition/ alteration to the existing facility constructed in 1961.

Hinton	Armory Add/Alt	481 (33)	Construct an addition/alteration to the existing facilities constructed in 1962.
Huntington	Armory Add/Alt	393 (37)	Construct an addition/alteration to the existing facility constructed in 1964.
Keyser	Armory Add/Alt	401 (34)	Construct an addition/alteration to the existing facility constructed in 1962.
Kingwood	Armory Storage & Training	2100 (6)	Construct a new armory to replace the existing facility constructed in 1963.
Kingwood	Organizational Maintenance	575 (7)	Construct a new OMS to replace the existing OMS located in a congested area at Camp Dawson. Existing shop will continue to be utilized as a Bn Maintenance facility for units training at Camp Dawson.
Logan	Armory Add/Alt	415 (31)	Construct an addition/alteration to an existing facility constructed in 1961.
Martinsburg	Armory Add/Alt	554 (22)	Construct an addition/alteration to the existing facility constructed in 1976.
Montgomery	Armory Add/Alt	338 (17)	Construct an addition/alteration to the existing armory constructed in 1962.
Morgantown	Armory Add/Alt	435 (19)	Construct an addition/alteration to the existing facility constructed in 1964.
Moundsville	Armory Storage & Training	1101 (12)	Construct a new armory facility to replace the existing armory constructed in 1960.
Oak Hill	Armory Add/Alt	655 (15)	Construct an addition/alteration to the existing facility constructed in 1954.
Parkersburg	Armory Storage & Training	2000 (10)	Construct a new armory to replace the existing facility constructed in 1972.

Parkersburg	OMS Add/Alt	600 (11)	Construct an addition/ alteration to the existing shop constructed in 1975. Insufficient space exists in administrative supply, parts break and locker room, and bulk equipment bay.
Parkersburg	Armory Add/Alt	451 (25)	Construct an addition/ alteration to the existing facility constructed in 1960.
Princeton	Armory Storage & Training	1200 (9)	Construct a new armory to replace the existing armory constructed in 1934 and renovated in 1957. Facility does not meet minimum security requirements.
Pt. Pleasant	Organizational Maintenance Shop	400 (30)	Construct a new OMS to replace the existing shop constructed in 1956.
Richwood	Armory Add/Alt	474 (35)	Construct an armory addition/ alteration to the existing facility constructed in 1959.
Ronceverte	Armory Storage & Training	900 (8)	Construct a new, replacement armory. Original armory, consisting of 4880 SF, was purchased by the State of WV in 1949. Facility was expanded to 14,000 SF in 1960.
Salem	Armory Add/Alt	478 (26)	Construct an addition/ alteration to the existing facility constructed in 1962.
Spencer	Armory Add/Alt	577 (23)	Construct an addition/ alteration to the existing facility constructed in 1962.
St. Albans	Armory Add/Alt	488 (20)	Construct an addition/ alteration to the existing facility constructed in 1963.
Welch	Armory Add/Alt	509 (24)	Construct an addition/ alteration to the existing facility constructed in 1961.
Weston	Armory Add/Alt	512 (27)	Construct an addition/ alteration to the existing facility constructed in 1962.
Wheeling	Limited Army Aviation Support Facility	3832 (1)	Construct a limited aviation facility to provide storage, maintenance and training areas for an aviation unit.

Wheeling	Armory Storage & Training	1493 (2)	Construct a new armory for a unit currently utilizing facilities licensed from the US Naval Reserve.
Williamson	Armory Add/Alt	631 (16)	Construct an addition/ alteration to the existing facility constructed in 1958.

ARMY RESERVE
The following projects for West Virginia are backlog requirement. However, none is of sufficient priority to warrant inclusion in the Army's current Five Year Program.

LOCATION	PROJECT	CWE ($000)	DESCRIPTION
Beckley	New USARC/OMC	$1,638	Provide a facility for the assigned soldier training and equipment storage and maintenance.
Bluefield	Alt/Exp to 100-Mbr	942	Alter the USARC/OMS to update facility to revised or new requirements.
Clarksburg	New USARC/OMS	1,345	Alter and expand the existing USAR Center for the enhanced training to meet new and changing requirements.
Clarksburg	New AMSA	716	New AMSA will support repair of military equipment of units assigned to the West Virginia area.
Elkins	New USARC/OMS	1,415	Provide a new facility for assigned soldier training and equipment storage and maintenance.
Grantsville	New USARC/OMS	1,538	Construct a new USARC with OMS to replace a facility currently under lease.
Jane Lew/ Weston	New USARC/OMS	1,183	Construct a new USARC with OMS to replace a facility currently under lease.
Kingwood	New USARC	1,162	Construct a new facility to replace a facility currently under lease.
Lewisburg	New USARC/OMS	1,025	Construct a new USARC with OMS to replace a facility currently under lease.

Morgantown	New USARC/OMS	1,371	Construct a new USARC with OMS to replace a Joint Armed Forces Reserve facility.
Rainelle	New USARC/OMS	2,190	Construct a new USARC with OMS to replace an existing inadequate leased facility.
Valley Grove	New AMSA	834	New AMSA will support repair of military equipment of units assigned to the West Virginia area.
Weirton	Alt/Exp to 150-Mbr	1,282	Construct a new USARC with OMS to replace an existing facility.
Wheeling	New USARC/OMS	1,345	Construct a new USARC with OMS to replace an existing facility.

NAVAL AND MARINE CORPS RESERVES
The Naval and Marine Corps Reserves have no West Virginia construction projects in the backlog.

AIR NATIONAL GUARD
Refer to responses to the following two questions for ANG West Virginia construction backlog projects.

AIR FORCE RESERVE
The Air Force Reserve currently has no military construction projects in its MILCON backlog for West Virginia.

ACCELERATION OF MILITARY CONSTRUCTION PROJECTS IN WEST VIRGINIA

QUESTION: Over the past several years, I have been working to accomplish a $100 million plus military construction program. So far, projects worth $96.7 million have received congressional authorization and appropriations. The reports accompanying the FY 1985, 1986, 1987, 1988 and 1989 Military Construction Appropriations bills included language, incorporated at my request, urging that the West Virginia military construction program be accelerated and previous testimony indicated a number of projects were accelerated in response to that language. What is the status of and what can be done to accelerate the following construction projects in West Virginia?

Kingwood Army Reserve Center
Beckley Army Reserve Center
Elkins Army Reserve Center
Morgantown Army Reserve Center
Camp Dawson Army National Guard Training Facility
Charleston Air National Guard Operations Training Addition
Kingwood Army National Guard Armory
Martinsburg Air National Guard Medical Training Facility
Wheeling Army National Guard Armory

Wheeling Army National Guard Aviation Support
Facility
Charleston Army National Guard Armory Addition
Rainelle Army Reserve Center
Buckhannon Army National Guard U.S. Property and
Fiscal Office reprogramming

ANSWER: The Services have provided the following Reserve and National Guard information.

ARMY NATIONAL GUARD

The requested status of the Army National Guard projects is as follows:

Camp Dawson: Army National Guard - Training Facility
Status: Phases II and III authorized FY 89. Phase IV deferred by State, no design. Project is not available for acceleration.

Kingwood: Army National Guard Armory
Status: Request for programming has been deferred by the State, design has not been developed. Required demographic studies are not completed. Project is not available for acceleration.

Wheeling: Army National Guard Armory - Aviation Support Facility
Status: National Guard Bureau has suspended all planning for new and replacement aviation support facilities until Army Aviation Modernization Plan (AMP) is released and impact on aviation force structure is determined. State is authorized to develop preliminary designs and hold until decisions made based on AMP recommendations.

Charleston: Army National Guard Armory Addition
Status: State has not fully developed scope for the project, design has not been developed. Project is not available for acceleration.

Buckhannon: Army National Guard U. S. Property and Fiscal Office reprogramming
Status: Design was temporarily suspended until problems with potential flooding were clarified. When design is complete and cost estimate is accurately established, construction authorization will be requested.

ARMY RESERVE

The following site acquisition actions are in progress and will be completed in Fiscal Year 1989 with the exception of the Rainelle land exchange. This exchange proposal is expected to be completed no later than early Fiscal Year 1990. Upon acquisition of the required real estate the project design for each of the follow-up construction projects will be initiated in their appropriate program year. These projects have been programmed based on United States Forces Command's priority of need which is carefully balanced and examined against the entire Military Construction, Army Reserve program. Acceleration of these projects is not feasible under current funding constraints.

Kingwood: Army Reserve Center
Status: A five-acre site should be acquired in the third quarter of Fiscal Year 1989. A follow-on project to construct a new 13,000 square foot, 100-member United States Army Reserve

Center is planned in Fiscal Year 1999 to support a total authorized strength of 95 personnel. The current cost estimate for construction is $1,400,000.

Beckley: Army Reserve Center
Status: A ten-acre site was selected on January 31, 1989. The Real Estate Planning Report, Engineering Feasibility Study, and Environmental Documentation were requested on February 3, 1989. A follow-on project for the construction of a new 45,000 square foot, 400-member United States Reserve Center with organizational maintenance shop is planned in Fiscal Year 1998 to support a total authorized strength of 367 personnel. Current cost estimate for construction is $3,200,000.

Elkins: Army Reserve Center
Status: A four-acre site should be acquired in the third quarter of Fiscal Year 1989. A follow-on project to construct a new 9,000 square foot, 60-member United States Army Reserve Center with organization maintenance shop is planned in Fiscal Year 1999 to support total authorized strength of 50 personnel. The current cost estimate for construction is $1,400,000.

Morgantown: Army Reserve Center
Status: A six-acre site should be acquired in the third quarter of Fiscal Year 1989. A follow-on project to construct a new 25,000 square foot, 200-member United States Army Reserve Center with organizational maintenance shop is planned in Fiscal Year 1999 to support a total authorized strength of 233 personnel. The current cost estimate for construction is $1,900,000.

Rainelle: Army Reserve Center
Status: A real estate exchange is currently under consideration for 3.5 acres of land owned by the Western Greenbrier Development Corporation in exchange for the existing United States Army Reserve Center with organizational maintenance shop and the 3.5 acres of government-owned property in Rainelle. The Deputy Assistant Secretary of the Army (Installations and Housing) approved the concept of the exchange in November 1988. United States Army Corps of Engineers is currently developing a Memorandum of Intent for the exchange. A follow-on project to construct a new 24,000 square foot, 200-member United States Army Reserve Center with organizational maintenance shop is planned in Fiscal Year 1996 to support a total authorized strength of 205 personnel. Current cost estimate for construction is $2,200,000.

AIR NATIONAL GUARD

The following is the status of the Air National Guard projects:

Charleston: Operations and Training Addition
Status: This project has been cancelled based on the revised Master Plan. The Air National Guard developed this revised Master Plan to construct a new Operations and Training Complex which alleviates the current extremely crowded conditions.

To accomplish this, additional land must be acquired from the City of Charleston Recreational Commission. Negotiations are underway. The estimated land acquisition cost is $300,000. Design could be initiated on the following proposed projects concurrent with the final acquisition of the land. Design cost for these facilities is estimated at $1.2 million.

	($000)
Site Preparation/Utilities	1,600
Composite Ops and Training	5,100
Security Police Facility	600
Civil Engineering Complex	1,800
Base Supply Warehouse	3,000
TOTAL	$12,100

Martinsburg ANG: Medical Training Facility

Status: This project, estimated at $540,000, is under design for inclussion in future Military Construction programs. Although not 35% designed, it could be accelerated to and executed in FY 1990.

GUARD AND RESERVE PROGRAMS IN WEST VIRGINIA

QUESTION: Please update for the record, as you have done in previous years, the information provided last year on pages 696 to 713 of Part 1 of the Department of Defense Senate Appropriations hearings, to the extent that the matter has not been covered in the previous questions.

ANSWER: The Services have provided the following Reserve and National Guard information in millions of dollars.

Project Name	FY	Est Cost
ARMY NATIONAL GUARD		
Ongoing		
Pt Pleasant Armory Add/Alt	88	1.0
Buckhannon Org Maint Shop	88	0.4
Camp Dawson Trng Facility, Ph I	88	0.8
Parkersburg Aviation Spt Facility	89	5.0
Planned		
Huntington Armory Add/Alt	90	0.5
ARMY RESERVE		
Ongoing		
New Martinsville USARC/OMS	88	1.4
Parkersburg USARC/OMS and AMSA	89	3.3

NAVAL AND MARINE CORPS RESERVES

There are no projects in the Five Year Plan for West Virginia.

Project Name	FY	Est Cost
AIR NATIONAL GUARD		
Yeager Airport (ANG)		
Ongoing		
Fire Suppression System	88	1.5
Vehicle Maint/Ref Veh Shop	88	1.1
Add/Alt Jet Fuel Stor Complex	89	1.7
Add/Alt Squadron Ops	89	0.9

Planned FY 90-94		
Security Police Add/Alt	90	0.3
Add/Alt Telecom Facility	92	0.6*
EWVRA - Shepherd Field		
Ongoing		
Avionics Shop/NDI	89	0.8
Res Forces Med Trng Fac	89	3.0
Alter Vehicle Shop	89	0.2
Planned FY 90-94		
Add/Alt Jet Fuel Storage	90	3.3
Alt Ops and Training	90	0.5
Add/Alt Medical Training	92	0.5*
Avionics Facility	92	0.4*

* Could be advanced.

AIR FORCE RESERVE

Air Force Reserve has no MILCON projects in the FY 90-94 MILCON program. Refer to New Reserve Units question for the status of the Air Force Reserve ongoing projects.

QUESTIONS SUBMITTED BY SENATOR HARRY REID

AIR FORCE NATIONAL GUARD

QUESTION: As you know, the 152nd Tactical Reconnaissance Group based at Reno International Airport, Nevada, is the best reconnaissance unit in the total force. However, it is equipped with RF-4s, an extremely noisy and increasingly obsolete plane. According to the attached article for Jane's Defense Weekly, the Air Force has decided to replace the RF-4C with the RF-16. This being the case, I am interested to know why my request for a briefing from the Air Staff concerning a schedule for upgrading total force reconnaissance units received the attached inadequate response, dated February 16, 1989?

ANSWER: The Air Force will be pleased to provide a briefing on the current schedule for tactical reconnaissance. SAF/ACBL will work with your staff to set up the briefing at your convenience.

As you and your staff review the President's FY 90-91 Budget, you should note that the Air Force has funded approximately $100 million for a reconnaissance pod development and F-16 integration. Contrary to the Jane's Defense Weekly article of September 24, 1988, the Air Force has not committed at this time to the production nor conversion of the F-16 to a reconnaissance platform. Likewise, there are no funds for an upgrade of the RF-4C to a new electo-toptical capability.

ARMY NATIONAL GUARD

QUESTION: The Nevada Adjutant General has developed a plan for the establishment of a National Guard Desert Training Center, similar to Fort Irwin, near the Hawthorne Army Ammunition Plant, Nevada. Are you aware of the plan?

ANSWER: Yes. The Nevada Army National Guard and the National Guard Bureau have been in close coordination on the Hawthorne training area project since its inception.

QUESTION: Have you formulated a position on the plan?

ANSWER: In December 1988, General Navas approved the initial concept for further development on the issues of real estate use and environmental concerns, and directed that $100,000 be dedicated toward environmental assessment under the National Environmental Policy Act. The Nevada Army National Guard has agreed to further refine its concept in coordination with the National Guard Bureau staff and submit an updated concept plan as soon as practicable.

QUESTION: Who is presently reviewing the plan?

ANSWER: Presently the Nevada Army National Guard is in the process of producing its updated concept plan. This plan will be reviewed at National Guard Bureau level during the week of 20 March 1989. The Army Corps of Engineers will begin the environmental assessment on March 27, 1989.

SUBCOMMITTEE RECESS

Senator SASSER. Gentlemen, I want to thank you all for appearing here this morning.

General Carpenter, we wish you the best in your future endeavors.

Our next hearing will be next Monday. We will be hearing from the Army and the Navy.

This hearing is recessed.

[Whereupon, at 11:29 a.m., Monday, February 27, the subcommittee was recessed, to reconvene at 10 a.m., Monday, March 6.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1990

MONDAY, MARCH 6, 1989

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:15 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Jim Sasser (chairman) presiding.

Present: Senators Sasser, Grassley, and Stevens.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

MILITARY CONSTRUCTION AND FAMILY HOUSING PROGRAMS

STATEMENTS OF:

HON. PAUL W. JOHNSON, DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR INSTALLATIONS AND HOUSING

LT. GEN. HENRY J. HATCH, CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY

MAJ. GEN. PETER J. OFFRINGA, ASSISTANT CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY

ACCOMPANIED BY ALLEN M. CARTON, DEPUTY ASSISTANT CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY

OPENING REMARKS

Senator SASSER. The subcommittee will come to order. Gentlemen, I want to apologize for being tardy in getting underway today. I had to meet with the National Association of County Officials across town and the traffic in this rain was interesting.

Today we will be hearing testimony from the Army and the Navy and first we will have testimony on the Army's military construction program and family housing program. We are especially pleased to have with us this morning the Chief of the Army Corps of Engineers, Lt. Gen. Hank Hatch. I want to welcome General Hatch before the subcommittee and say that we look forward, sir, to hearing your views and remarks.

General Hatch and I have been trying to arrange a meeting here for some weeks, but due to his busy schedule and my busy schedule we have been unsuccessful. But, General, we are going to persevere until we get that done.

Our first witness is the Deputy Assistant Secretary of the Army for Installations and Housing, Paul Johnson. He will be followed then by General Hatch and then by Maj. Gen. Peter Offringa, the Assistant Chief of Engineers for Military Construction. We are pleased to see that our witnesses are accompanied by Mr. Al Carton, who is well known to this committee after many years of steadfast and faithful service in the Department of the Army.

Before proceeding with the witnesses I will turn to our colleague, Senator Stevens, for any comments he may wish to make.

Senator **Stevens**. Thank you very kindly, Mr. Chairman. I have no opening statement. I am sure Senator Grassley will be here. He was here earlier. He will be back in a minute.

Senator **Sasser**. We will proceed, then, with you, Mr. Johnson.

Mr. **Johnson**. Thank you, Mr. Chairman, members of the committee. I am pleased to have this opportunity to be here to discuss the Army's military construction and family housing request for fiscal years 1990 and 1991.

I am sure you are aware of the fiscal constraints that in defense have made an enormous impact on the formulation of our overall budget. All Army elements in fiscal year 1990 which you have before you are reduced below last year's level.

Military construction for the active Army is down 21 percent, and for the Reserve components it is down almost 36 percent. The Army family housing shows a reduction of about 4 percent. However, the total funding for the total facilities program, which includes the RPMA, is up just a little because of our policy to take care of what we have. Actually, the RPMA in another appropriation has gone up by about 14 percent.

This increase reflects some other initiatives that have to be paid out of the RPMA but it is primarily our philosophy to maintain and improve what we own before buying anything new.

Austerity has forced us into some very hard choices. There are many valid projects which we must defer to some future year program. It means that some members of our Army family must wait for excellent facilities that they should have. Let me assure you that we will never knowingly subject our people to unsafe or unhealthy conditions.

What I am concerned about are the lost opportunities to provide facilities to improve moral and efficiency. I firmly believe that excellent facilities play a key role in maintaining a modern, efficient Army and I am sorry that we cannot do more.

PREPARED STATEMENT

This is a very short statement, Mr. Chairman, but I wanted to conserve time in order that we can discuss some more substantive details of the program. That concludes my statement, Mr. Chairman.

[The statement follows:]

Statement of Paul W. Johnson

Mr. Chairman; members of the subcommittee; I am Paul Johnson the Deputy Assistant Secretary of the Army for Installations and Housing in the Office of the Assistant Secretary of the Army for Installations and Logistics. I am pleased to have this opportunity to be here to discuss the Army's military construction and family housing requests for fiscal years 1990 and 1991.

I am sure you are aware that fiscal constraints have made a major impact on the formulation of our overall budget. All Army elements of the fiscal year 1990 bill you have before you today are reduced below last year's level. Military construction for the Active Army is down almost 21 percent and for the Reserve components, it's down almost 36 percent, but only 7.5 percent below last year's request. Army family housing shows a reduction of almost 4 percent from last year. However, the total funding being requested overall for facilities remains just about what it was last year, since our request for real property maintenance activities, which is in the Defense appropriations bill, shows an increase over last year. This increase reflects the increased cost of doing business, certain essential new initiatives and primarily, our philosophy to maintain and improve what we own before building anything new.

Austerity forces us into some very hard choices. There are many valid projects which we must defer to some future year program. This means that some members of our Army family must wait for the excellent facilities they should have. Let me assure you that we will never knowingly subject our people to unsafe or unhealthful conditions. No, what I am concerned about are the lost opportunities to provide facilities to improve morale and efficiency. I firmly believe that excellent facilities play a key role in maintaining a modern, efficient Army and I am sorry that we cannot do more.

I ask you to keep this broad picture in your minds as you review the details of our request. Next, General Hatch, the Chief of Engineers, will provide some of the details of our request.

STATEMENT OF LT. GEN. HENRY J. HATCH

Senator SASSER. Thank you, Mr. Johnson.

We will turn now to Lieutenant General Hatch, speaking on behalf of the Corps of Engineers.

General HATCH. Thank you, Mr. Chairman. I am honored to participate in this hearing and appear before you discussing our fiscal years 1990 and 1991 budget requests for military construction, Army and Army family housing.

I also, sir, look forward to an opportunity to meet with you. We will do that when it is convenient for you. I think we would lapse into a discussion of Realfoot Lake, west Tennessee tributaries and a few things like that and most of the people in this room would really wonder if we are speaking in a code, so we will do that at another time.

Senator SASSER. You and I would know what we were talking about, though, would we not, General?

General HATCH. You mentioned Mr. Al Carton being with us. I would like to point out that this hearing is a significant event in Mr. Carton's contribution to the Federal Government. He has had over 42 years of Federal service, and this hearing marks his 20th anniversary of putting together the Army's construction program and assisting others in presenting it to this and to other committees. For that service of his, we are very thankful.

Our request for $905 million in fiscal year 1990 and $1.2 billion in fiscal year 1991 for MCA, and $1.5 billion in 1990 and $1.7 billion in 1991 for Army family housing is what we are here to discuss.

Sir, before I begin, I should point out perhaps the obvious. We are discussing today President Reagan's budget. Ever since February 9 we have been busy in the Pentagon in restructuring the defense budget to be responsive to our new Commander in Chief; however, no decisions have been made yet concerning the details of that budget and, therefore, we will discuss President Reagan's request.

The figures I mentioned represent a substantial reduction in our previous request, primarily, as Mr. Johnson indicated, due to fiscal constraints and the President's efforts to balance the budget. Overall, the Army's priorities are to maintain the readiness of our existing force, ensure that existing force is sustainable in peace and war, to provide for the continuation of the modernization programs for equipment and force structure that we began over the last decade—at least to finish that modernization—and to provide investment in quality of life resources.

FACILITY STRATEGY

In the preparation of this budget our overseas commanders in chief participated to ensure that we developed a sound program with sound priorities, and that we provided them with mission-essential facilities and provided proper priority to meet our deterrent needs.

The facilities strategy in response to that is now, as Mr. Johnson indicated, to maximize first the use of what we have, and, as you well know, we have a lot of facilities worldwide; second, to take care of what we have; third, to meet our regulatory and environmental requirements; fourth, to contain our backlog of maintenance and repair; fifth, to revitalize our outdated facilities; and, as our last choice, sixth, to build new facilities.

I am responsible for balancing all of the funding for facilities in light of that strategy—military construction, real property maintenance, which is part of the O&MA appropriation, and Army family housing. In developing this year's budget we intentionally moved money from construction to real property maintenance and from family housing construction to family housing operation and maintenance.

The total funding for facilities, if we include the operation and maintenance component, goes up in fiscal year 1990, although MCA goes down and family housing construction goes down.

NEW INITIATIVES

I would like to mention two sort of no-cost initiatives that the Army is undertaking. Neither requires additional resources but will be a great benefit to the Army and, in fact, will permit us in one case to use our resources more wisely. First is the Government Rental Housing Program, or, as we refer to it—a rather unattractive acronym—GRHP.

Under that program the Army leases individual units directly from landlords and serves as a go-between. When we do that, soldiers agree to remain in that leased unit for their entire tour of duty so that there is less turnover and, therefore, the landlords are willing to charge a little less for the annual rental. The soldier forfeits his housing allowance, the program is voluntary, but it provides a lot of financial relief for families during those moves.

A number of our families, particularly in Europe, live off-post, almost 40 percent of them do. With the GRHP program less duty time will be lost in finding family housing for them, and they will not have to go into debt for the large up-front costs usually required by landlords. That program, we determined, is at no cost to the Government. We have moved personnel moneys into our family housing request to pay for those leases.

The second initiative I would mention briefly is the Army Communities of Excellence Program, or ACOE, that our Secretary of the Army and our Chief of Staff have begun for this year. We have determined, as I might add the Air Force has for several years, that facilities and family housing are a key ingredient to recruiting and retaining an active force and to ensuring that we adequately take care of our personnel in both their living and working conditions. This program will enhance our readiness and our ability to perform our mission.

The Army Communities of Excellence Program requires no additional resources. It is focused on providing excellent facilities, family housing and services on our installations. It will include such features as having design guides at each one of our installations so that there is a coherent architectural theme that we abide by. We have an expanded self-help program that will allow us to use our scant resources more wisely and involve the soldiers and their families in improving their surroundings with their own hands and hence having a great sense of ownership and pride in their surroundings. Those that provide service will have a commitment to courtesy and promptness.

PREPARED STATEMENT

Mr. Chairman, that completes my opening remarks. I would now like to turn the hearing over to General Offringa to provide a more detailed rundown of the Army's fiscal year 1990 and 1991 submission.

[The statement follows:]

STATEMENT OF LT. GEN. HENRY J. HATCH

Mr. Chairman and Members of the Subcommittee. I am Lieutenant General Henry J. Hatch, Chief of Engineers, Department of the Army.

I am very pleased to be here with you to present the Army's Military Construction and Family Housing Appropriation Request for fiscal years 1990 and 1991. I believe this program will continue the progress that you have made to ensure that today's Army is supported by adequate facilities to carry out its worldwide defense mission. The program presented requests appropriation for Military Construction, Army of $904,800,000 in fiscal year 1990 and $1,182,600,000 in fiscal year 1991, and for Army Family Housing we request appropriation of $1,469,000,000 in fiscal year 1990 and $1,654,550,000 in fiscal year 1991.

This budget represents a substantial reduction from prior year requests due to the fiscal constraints that we are jointly experiencing. However, it will sustain efforts started in prior years to improve the operational readiness of the Army and, at the same time, provide the quality of life improvements so necessary to attract and retain dedicated individuals to serve in the Army. This second biennial budget represents our efforts to develop a logical, executable program that will present a stable environment for more efficient operations. This year the Army's program emphasizes maintaining the readiness of the existing force and ensures that the existing force is sustainable while continuing to provide modernization, investment and quality of life resources.

In accordance with the Packard Commission and the Goldwater-Nichols Act, the Commanders-in-Chief participated in the development of the program and the priorities to provide mission essential facilities through their major Army commands. We believe that their involvement has assisted in placing the proper priority mix to meet the warfighting needs of not only Army's forward deployed units but also those soldiers in the United States.

Now with your permission, I would like to talk about our facilities strategy as it affects fielding of modern weapons systems, operational efficiencies and, most importantly, our soldiers and their families. Our mission is to meet the demands of a ready fighting force, support National objectives and provide quality living and working conditions within the reduced resources available to insure we attract, train, equip and retain soldiers.

FACILITIES ACQUISITION STRATEGY

The Military Construction, Army (MCA) program constitutes 1.1 percent of the total Army budget request in fiscal year 1990 and 1.4 percent in 1991 while the Army Family Housing program represents 1.8 and 2 percent, respectively, of the total Army budget over the same periods. These funds finance the new construction and revitalization of the facilities our soldiers need to live, train and maintain sophisticated equipment, and provide the operation and maintenance of our family housing facilities. Our request provides a balance of facilities and family housing operation and maintenance needed to satisfy the many requirements of today's Army within our limited resource environment.

As we analyze the facility requirements for new weapon systems being fielded and force structure being stationed, all feasible alternatives are considered. As the Chief of Engineers, I am responsible for planning and programing for all facilities support including Military Construction, Army (MCA), Real Property Maintenance Activities (RPMA) and Family Housing (AFH) programs. The Facilities Strategy is applied in our allocation of funds within the total funds available to the Army. The Army's strategy, in priority, is to maximize the use of existing facilities, to maintain what we own, to meet regulatory and environmental requirements, contain maintenance and repair backlogs, revitalize outdated facilities, and lastly, to build new facilities.

Prior to submitting this budget to you, we made adjustments within the Army to provide more funds to the RPMA program, which is reviewed by another committee of this Congress. As a result, we were left with less for the Military Construction program. This is in keeping with our strategy to take care of what we have before building new. Our decision to provide a new facility is made only after a detailed analysis of the alternatives concludes that there is no other economically acceptable alternative. Thus, projects that are classified as facility upgrade or modernization do not have a lower priority, they merely present the optimum alternative as the facilities strategy is applied.

The balance among the many facility demands is reflected in the fiscal year 1990 MCA request with over 51 percent of the program supporting mission related projects such as operation, training, maintenance and RDT&E facilities. Additionally, 32 percent will go to support facilities such as supply, administration, unaccompanied housing and community facilities. The remaining balance will provide utilities, design, and minor construction. All of this construction is essential for the Army to successfully perform its mission and care for its people.

In the family housing area, our thrust is to operate and maintain what we own with over 74 percent in fiscal year 1990 going to pay operations, utilities and maintenance expenses. An additional 21 percent in fiscal year 1990 will pay for the leasing of additional homes to provide adequate housing for our military families with a corresponding offset to the Military Personnel, Army (MPA) account. The remaining will be used to revitalize the current inventory, construct new homes, planning and design and debt service for the remaining Wherry housing debt.

One specific area I would like to discuss is a new Army program called Army Communities of Excellence.

ARMY COMMUNITIES OF EXCELLENCE

This year the Army instituted a program which is not a direct part of this budget but will affect our personnel worldwide. This program is the "Army Communities of Excellence". The Secretary of the Army and Chief of Staff have recognized that Army communities are a natural resource over which we must exercise husbandry to protect them from deterioration and ensure our future effectiveness. We believe that community excellence engenders pride, and pride is the fuel of human accomplishment. This in turn will be a combat multiplier. Army Communities of Excellence is not a new program that will require specific resources but is an umbrella program that we believe will bring out the best in our people and improve our working and living environment.

The Army Communities of Excellence program is based on the principle that communities support people by combining excellent services with excellent facilities. Facilities with poor services are empty, sterile, or worse. Moreover, services offered in poor facilities reflect an organization's disregard for its personnel. The Army Communities of Excellence approach is to set high standards, evaluate against those standards and reward those who meet and exceed those standards. The approach to excellent facilities offers guidance for positive change for the near and long term, including such things as: installation design guides to bring consistency of appearance to our installations, expanded self-help programs, and appearance of exteriors, interiors and furnishings. In the services area, a concept of customer service, commitment to courtesy and promptness in service delivery is stressed. We believe that with this program we will see a better community environment with more response by our soldiers and their families.

Mr. Chairman, let me thank you for your continued support of our Military Construction and Family Housing Programs. We share your concerns for the well being of our soldiers and their families worldwide. I have asked my Assistant Chief of Engineers, Major General Peter J. Offringa, to present some of the details of these Army programs.

BIOGRAPHY OF LT. GEN. HENRY J. HATCH

Lieutenant General Henry J. (Hank) Hatch became the 47th Chief of Engineers and Commander of the U.S. Army Corps of Engineers on June 17, 1988, following his nomination by President Reagan and confirmation by the United States Senate.

Corps of Engineers' responsibilities include military construction for both the Army and Air Force, and the Army's national water resources program which includes comprehensive water resources planning, design, construction, operation and maintenance for navigation flood control and other purposes. The Chief of Engineers serves as the senior engineer for the Army providing staff supervision of the Army's worldwide facilities engineering and family housing activities. Additionally, the Corps has four engineering-related research and development centers in the United States. Army facilities and Corps programs total over $13 billion per year.

Prior to his selection as the Chief of Engineers, General Hatch served as the Director of Civil Works in the Corps headquarters and as the Assistant Chief of Engineers in the Pentagon.

General Hatch graduated from the U.S. Military Academy at West Point in 1957, and has received a Master of Science degree in Geodetic Science from the Ohio State University. His military education includes the Engineer Basic and Advanced Officer Courses, the U.S. Army Command and General Staff College and the U.S. Army War College.

He has served in a variety of important command and staff assignments in the United States and overseas. These include serving as the Engineer for the U.S. Army in Europe; Commander of the Corps' Pacific Ocean Division in Hawaii; Commander of the 2nd Infantry Division Support Command in Korea; Commander of the Corps' Nashville District; Staff Officer in the Office of the Army Chief of Staff in Washington; Commander of the 326th Engineer Battalion, 101st Airborne Division in Vietnam; and an Instructor and Assistant Professor at West Point.

Among his military awards and decorations are the legion of Merit, two Meritorious Service Medals, two Bronze Star Medals, three Air Medals, and two Army Commendation Medals. He is also a Ranger, master parachutist and wears the Army Air Assault Badge.

General Hatch was born in Pensacola, Florida, and is married to the former Shelley Hollister. They have three children, Cynthia, Henry J. III, and Earl. He is a registered professional engineer in the District of Columbia, a member of the Society of American Military Engineers and Tau Beta Pi, a licensed lay reader in the Episcopal Church, and an avid runner.

STATEMENT OF MAJ. GEN. PETER J. OFFRINGA

Senator SASSER. General Offringa.

General OFFRINGA. Mr. Chairman, with your permission I would like to put my statement in the record and provide you a brief slide presentation that will illustrate some of the figures and facility photographs supporting our program for 1991 and 1990.

ARMY MILITARY CONSTRUCTION FISCAL YEAR 1990-91 BUDGET

FACILITIES STRATEGY

Maximize use of existing facilities.
Maintain what we own.
Meet regulatory/environmental requirements.

Contain maintenance and repair backlogs.
Revitalize substandard facilities.
Last choice: Construct new facilities.

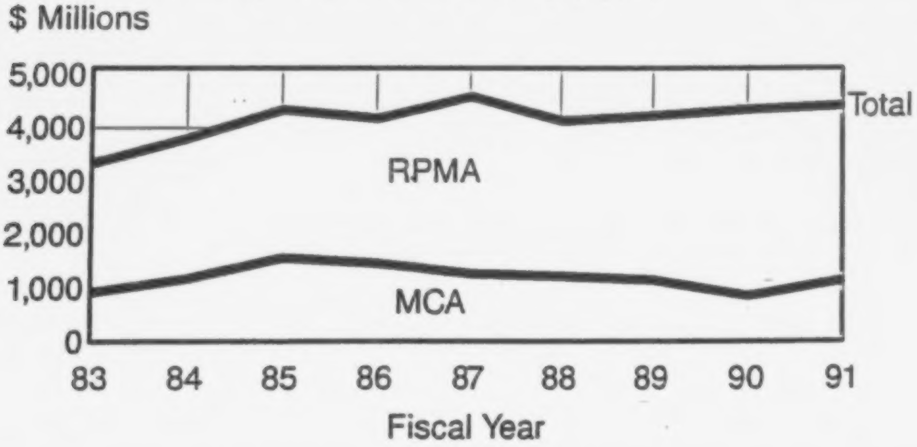
The first slide shows the facilities strategy as articulated by both General Hatch and Mr. Johnson, again focusing on taking care of what we have before investing in new facilities.

ARMY MILCON APPROPRIATIONS REQUEST ACTIVE AND RESERVE COMPONENTS

	Approved		Requested	
	Fiscal year 1988	Fiscal year 1989	Fiscal year 1990	Fiscal year 1991
MCA	1,295	1,141	905	1,183
AFH	1,561	1,527	1,469	1,654
HOA	3	2	5	5
MCNG	184	229	125	139
MCAR	95	86	77	62
Total	3,138	2,985	2,581	3,043

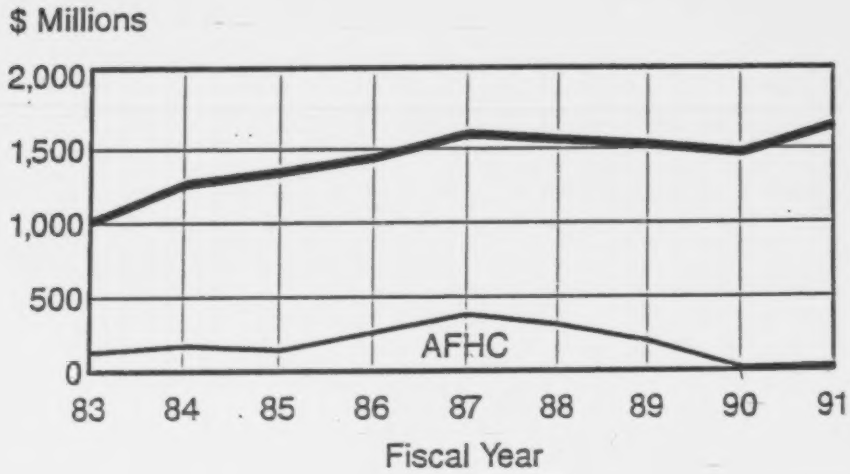
This shows our program through 1988–89 and the 1990–91 request, which shows again the impact upon investment of funding maintenance and repair accounts to their full capacity.

Facilities Trend
Real Property Maintenance Activities (RPMA)
Military Construction, Army (MCA)



If we look at that as a trend, on this chart our military construction dips in 1990, but with the addition of our repair and maintenance funds, or RPMA, the total funding profile is at an increase.

Army Family Housing (AFH) Trend



There is a similar trend in family housing. A considerable dip in investment is shown by the bottom curve, but a general upward slope when maintenance is added to our construction program.

MCA REAL GROWTH

[In millions of dollars]

	Fiscal year—			
	1988 appropriation	1989 appropriation	1990 request	1991 request
Budget	1,199	1,141	905	1,183
Inflation cost		−43	−65	−121
Currency cost		−8	−44	−56
Total (adjusted)	1,199	1,090	796	1,006
Real growth (compared to baseline)	Baseline	−9%	−34%	−16%

But the net effect of this program in real growth is shown on this chart where we take the 1990 program and subtract from it the inflation cost and the currency cost for overseas construction. Our total adjusted amount of $796 million is down 34 percent in real terms from the baseline of 1988.

AFH REAL GROWTH

[In millions of dollars]

	Fiscal year—			
	1988 actual	1989 appropriation	1990 request	1991 request
Budget	1,614	1,528	1,469	1,655
Inflation cost		−84	−120	−184
Currency cost			−24	−28
Total (adjusted)	1,614	1,444	1,325	1,443

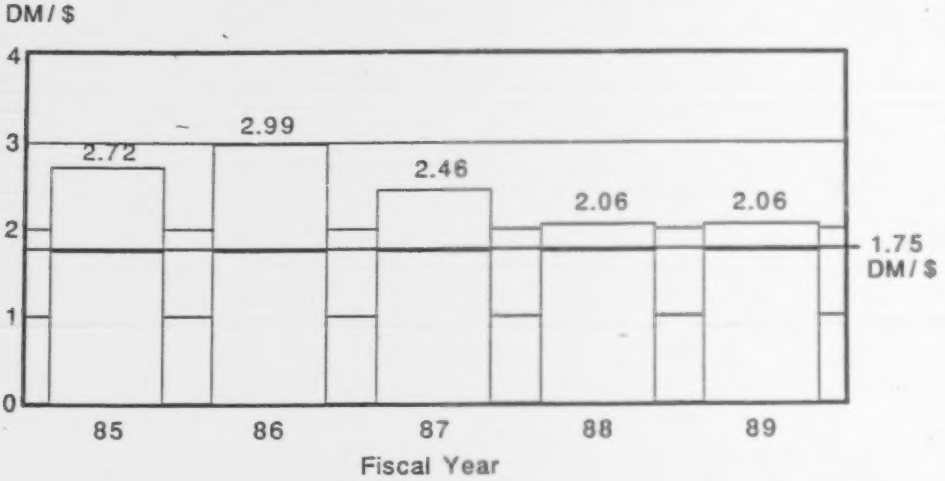
AFH REAL GROWTH—Continued

[In millions of dollars]

	Fiscal year—			
	1988 actual	1989 appropriation	1990 request	1991 request
Real growth (compared to Baseline)	Baseline	−11%	−18%	−11%

Family housing shows a similar trend, with an erosion of 18 percent in 1990, again versus the baseline of fiscal year 1988.

Foreign Currency Fluctuation DM / $ Budget Rates



Currency fluctuation continues to be a major problem. This chart shows that in 1990 we will be expending overseas at 1.75 deutsche marks per dollar funds that were programmed at the rates shown from 1985 through 1989.

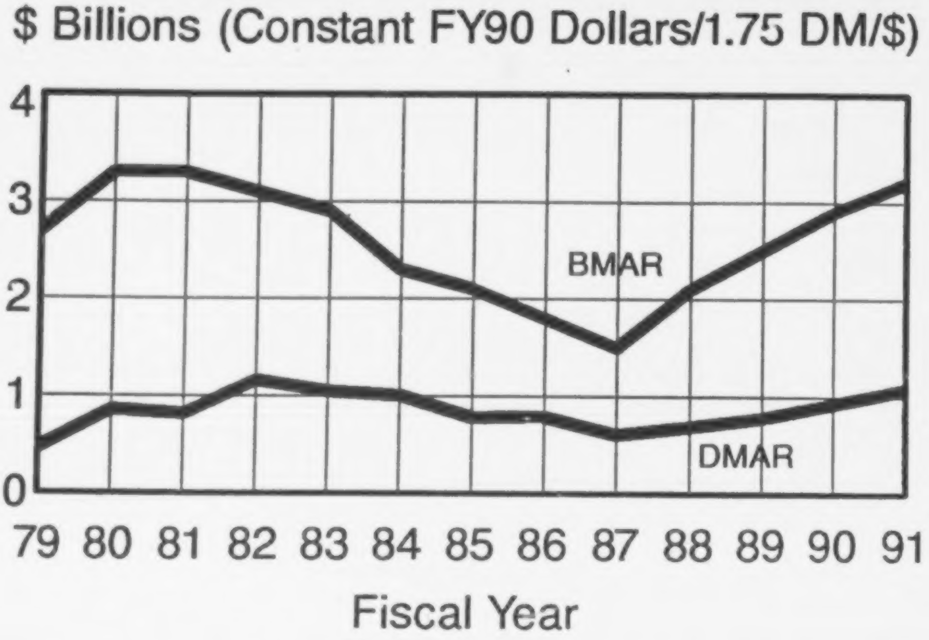
Fiscal year 1989 currency shortfalls

MCA net loss	$86,000,000
AFHC net loss	23,000,000
AFHO net loss	71,000,000
Total	180,000,000

Includes: Prior years carryover; 6 month advance deposit; fiscal year 1989 MCA appropriation for FCFA ($43 million).

If we calculate expenditures in terms of net impact, it shows that $180 million of our buying power will be eroded through currency losses, with the subtotals there showing military construction, Army family housing construction, and Army family housing operations in that order.

OMA Backlog of M&R (BMAR) AFH Deferred M&R (DMAR)



In spite of our strategy to put maximum funds into repair and maintenance we still do not meet our full cost of ownership and our backlog of maintenance and repair as shown in the upper chart for our facilities, and our deferred maintenance and repair as shown in the bottom chart for our housing is increasing precipitously.

Now I would like to show you against that backdrop some of the highlights of the 1990 MCA request.

Program Highlights MCA

MCA PROGRAM BY CATEGORY OF FACILITIES

[Percent of program]

	Approved		Requested	
	Fiscal year 1988	Fiscal year 1989	Fiscal year 1990	Fiscal year 1991
Operations and training	31	33	21	15
Maintenance	15	27	25	34
Unaccompanied housing	12	5	8	10
Community	5	4	8	8
Supply and administration	8	6	16	10
RDTE	4	3	5	4
Utilities and real estate	13	7	6	9
Design/minor/currency	11	14	11	10

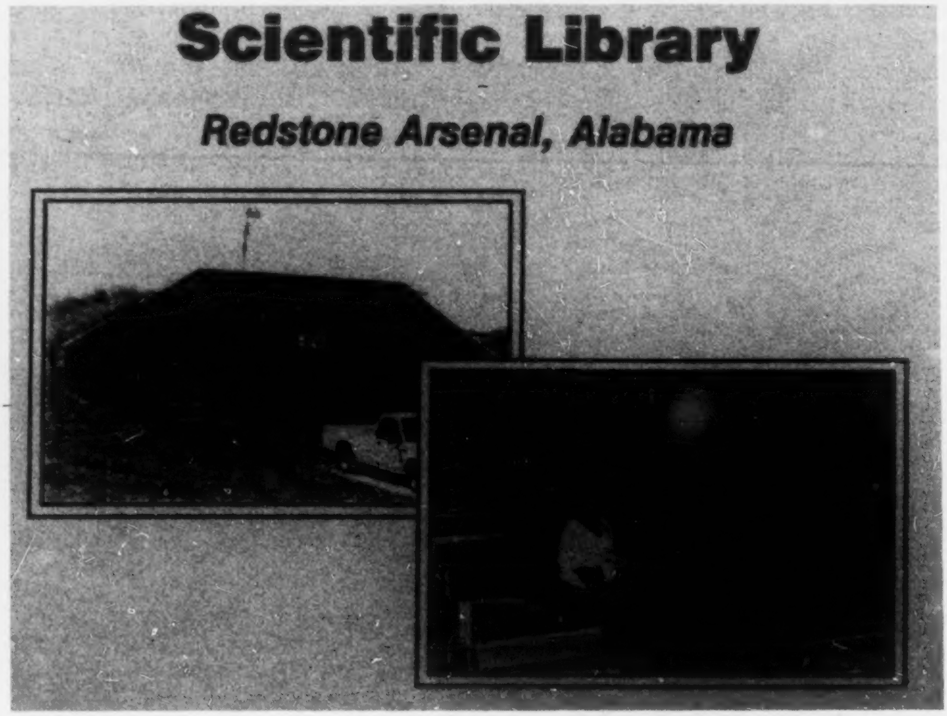
This chart shows a breakout by facility categories and shows that most of our program is going into operations and training and maintenance. Other categories remain relatively unchanged. The increase in supply and administration reflects the addition of the Red River Supply Depot and some funding for the backfill of buildings at Fort Belvoir in response to the engineer school move to Fort Leonard Wood.

NEW MISSION/CURRENT MISSION

[Excludes UMMCA, P&D]

	Millions of dollars	Percent of total
Fiscal year 1990:		
New mission	270	33
Current mission	537	67
Total	807	100
Fiscal year 1991:		
New mission	203	19
Current mission	865	81
Total	1,068	100

If we break the program out by new mission and current mission, you see a significant increase in percentage as we go from 1990 to 1991 in terms of current mission. The change in this portion of our program is reflecting the guidance of this committee.



Scientific Library

Redstone Arsenal, Alabama

I would like to show you some photographs of some things that we are working to revitalize. This shows a library at Redstone Arsenal which is in desperate need of replacement.

Consolidated Supply Warehouse

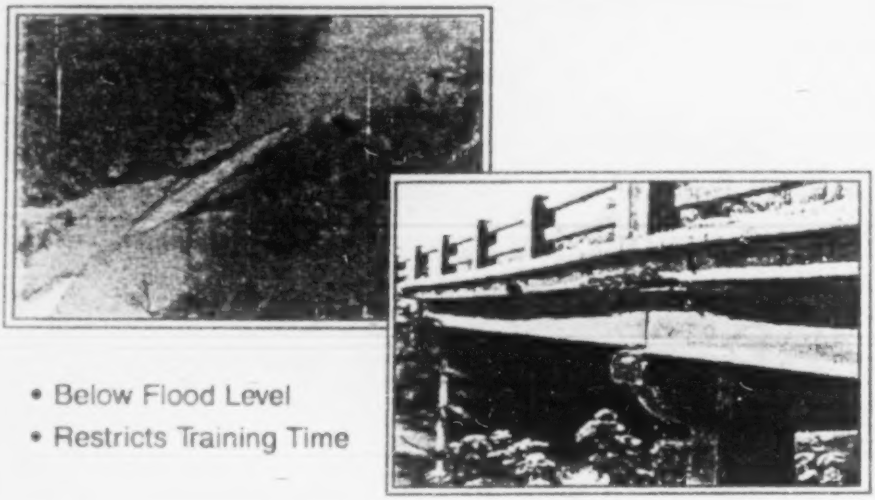
Ft Polk, Louisiana

Revitalization of Facility

The consolidated supply warehouse at Fort Polk, LA, will replace this facility.

Porter River Bridge

Fort Knox, Kentucky

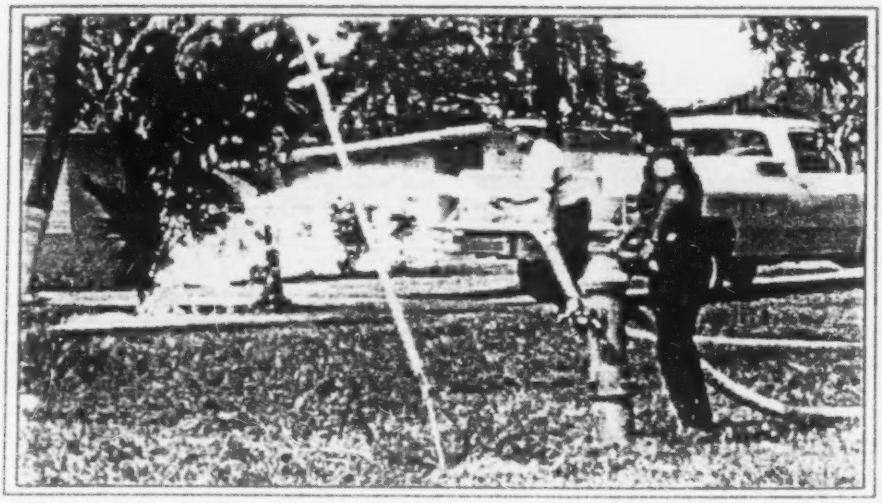


- Below Flood Level
- Restricts Training Time

We got a picture of this bridge before it failed. It has now been torn down and replacement is requested in the 1990 program.

Water Distribution Upgrade

Fort Buchanan, Puerto Rico



Finally, we have a major water distribution problem at Fort Buchanan, PR. As you can see in the picture, we do not have sufficient water pressure to support firefighting.

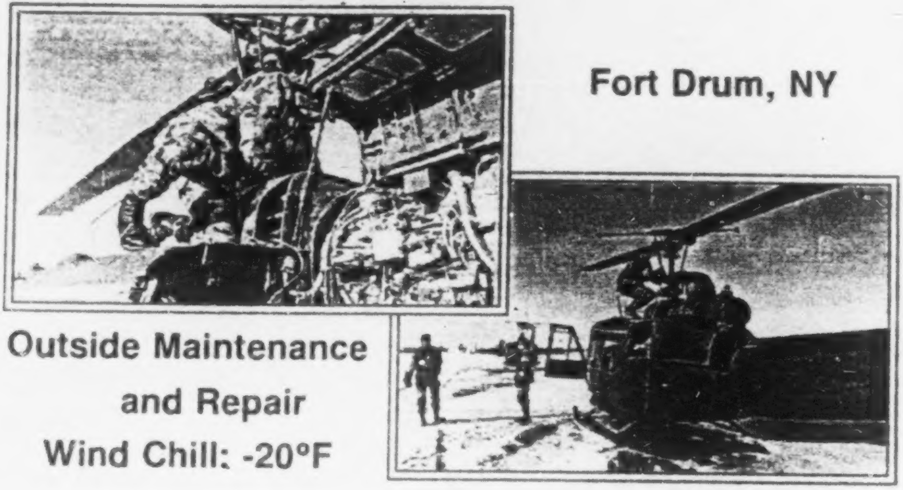
SIGNIFICANT PROJECTS IN FISCAL YEAR 1990 MCA REQUEST

[United States only]

	Projects	Millions of dollars
Aviation complex: Fort Drum, NY	4	70
Special opns forces: Forts Bragg, Rucker, Campbell; Key West NAS	4	37
Central distr ctr: Red River AD, TX	1	39
QOL facilities:		
CDCs	10	36
Barracks (bks/dining)	4	30
Hardstand/maintenance	4	24
Physical fitness	1	15

Additional significant projects within the 1990 MCA request include these shown on this chart, primarily aviation support at Fort Drum, special operations support, the central distribution facility I mentioned earlier, and a continuation of our quality of life initiatives.

Heliport Complex



Fort Drum, NY

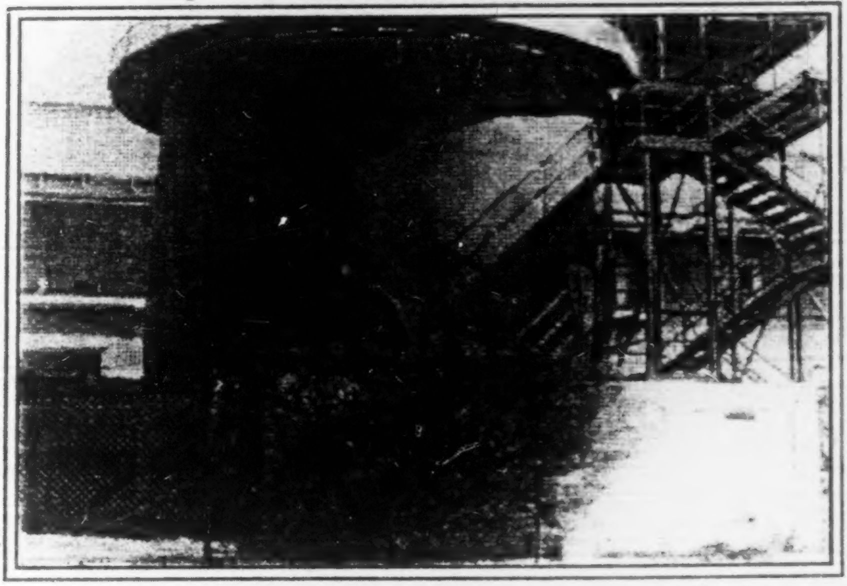
Outside Maintenance
and Repair
Wind Chill: -20°F

A few of the photographs that illustrate these projects. First, the heliport complex at Fort Drum, which will eliminate a 70-mile separation of the aviation brigade from the division, improving safety operations and maintenance, and fulfilling our commitment to the Air Force to vacate Griffis Air Force Base in 1992.

Diver Training Facility

Florida

Key West Naval Air Station



Revitalize Facilities for Special Operations Forces

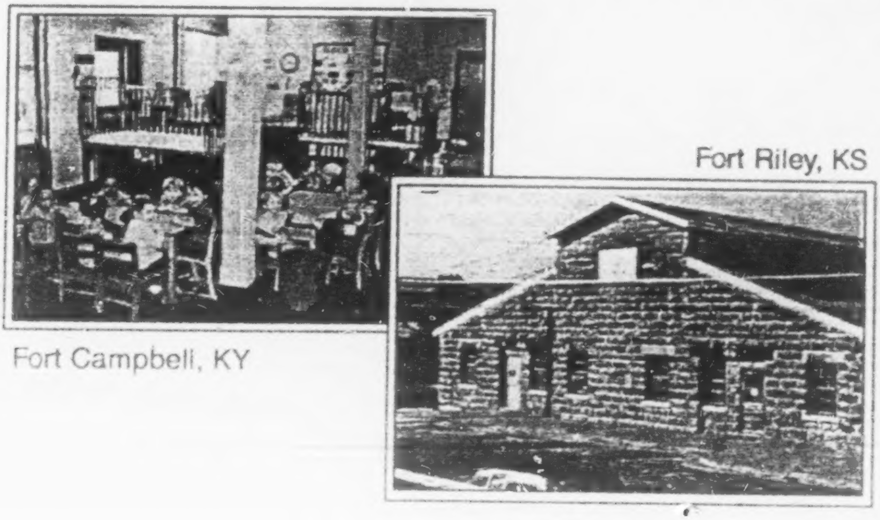
The diver training facility will replace this facility, which is an old water tank that we are currently using to train our special forces divers.

Crowded SOCOM Hangar

Fort Campbell, Kentucky

This slide shows the crowded SOCOM hangar at Fort Campbell, KY; and the program will provide a maintenance facility for over 170 million dollars' worth of sophisticated aircraft.

Child Development Centers



Fort Riley, KS

Fort Campbell, KY

Our new child development centers are within the program for both Fort Campbell and Fort Riley.

Enlisted Barracks

Fort Huachucha, Arizona

A new barracks is included to replace this old World War II wood at Fort Huachuca, AZ.

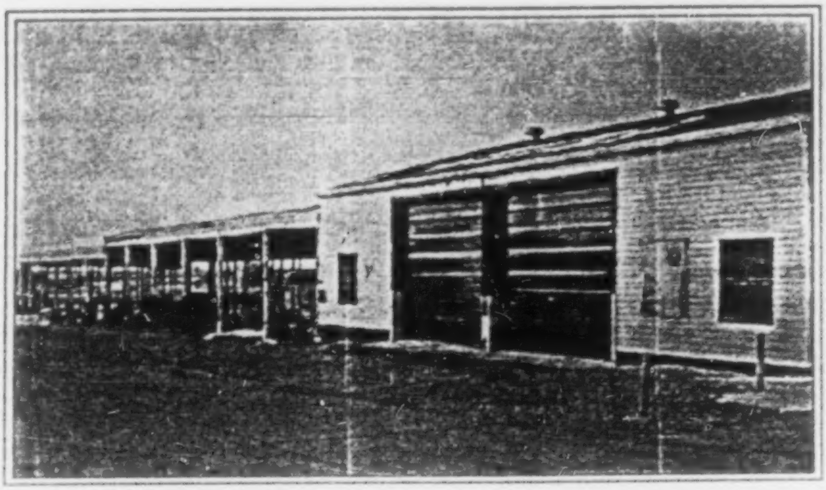
Tactical Equipment Shop

Fort Irwin, California

Replacement of this tactical equipment shop at Fort Irwin, CA, will allow maintenance to be done in good facilities.

Tactical Equipment Shop

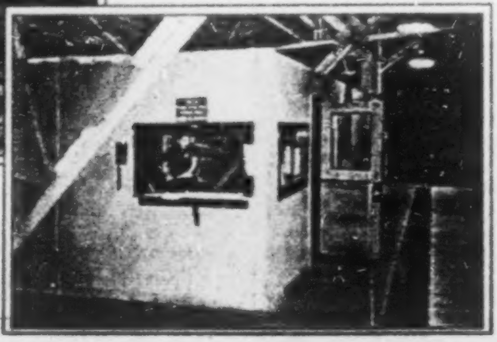
Fort Campbell, Kentucky



This tactical equipment shop at Fort Campbell is scheduled to be replaced to get our soldiers out of these rotted facilities.

Physical Fitness Center

Alaska



Makeshift Office on Gym Floor

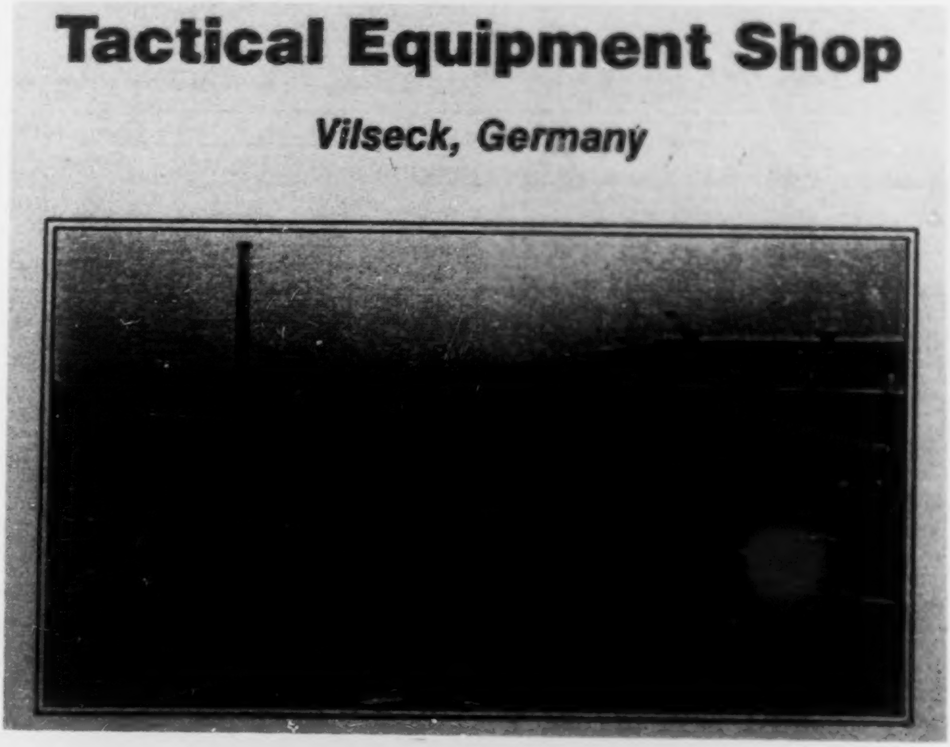
And, finally, at Fort Wainwright we have a new physical fitness center program that is critically needed by our soldiers during the cold and dark winter months in Alaska.

HIGHLIGHTS IN EUROPE

[Fiscal year 1990]

Location	Mission	Project number	Millions of dollars
Rheinberg	Reichel complex	2	9.9
Vilseck	Stationing	3	12.9
Various	Aviation restationing (AH-64)	4	45.4
Hohenfels	Combat manuever training complex	6	16.1
Various	Hardstand maint fac	11	77.6

In Europe we are nearing the end of a number of major initiatives at Rheinberg, Vilseck, and Hohenfels. The needed construction to support the fielding of our AH-64 helicopters is requested as well as continuation of our hardstand program to get American soldiers out of the mud.



Tactical Equipment Shop

Vilseck, Germany

This set of slides shows a number of the facilities to be replaced. We need another new tactical equipment shop at Vilseck because this one is currently being used by twice the number of vehicles for which it was designed.

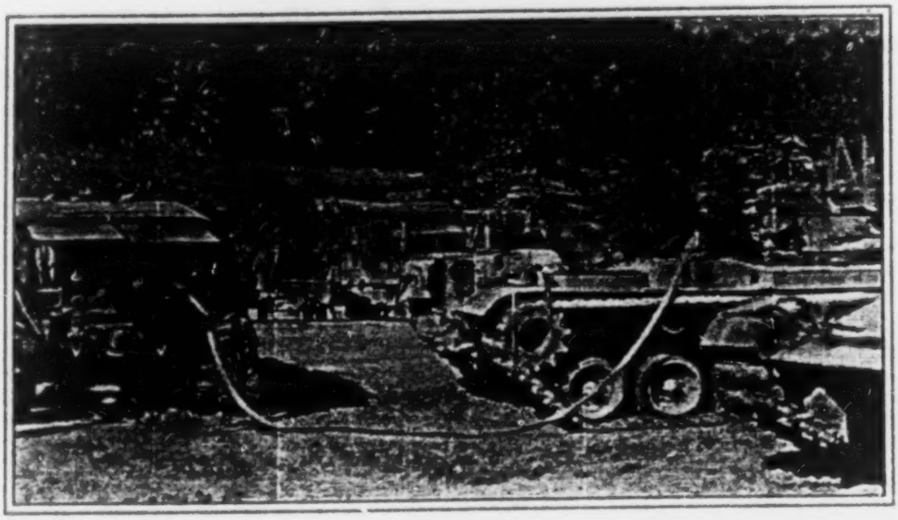
Aircraft Parking Apron

Hanau, Germany

In Hanau we have aircraft parking aprons scheduled to prevent these $17 million helicopters from sinking into the mud.

Fuel Storage Facility

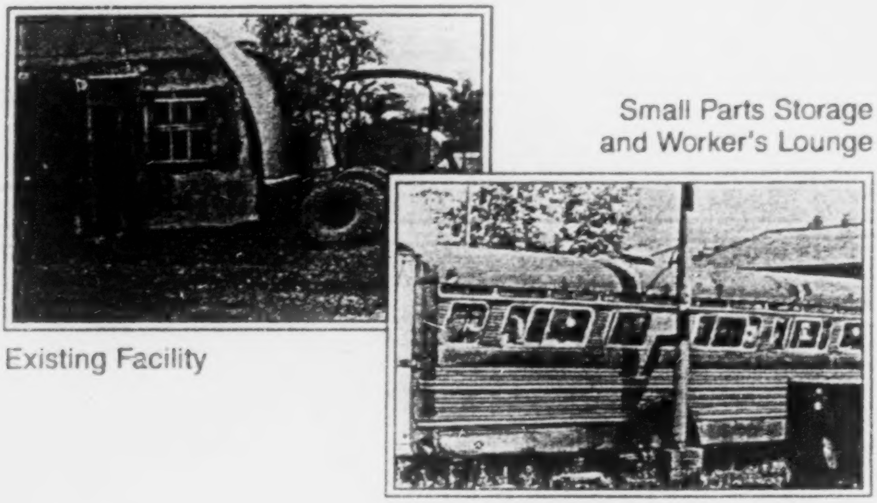
Combat Maneuver Training, Hohenfels, Germany



The fuel storage facility at Hohenfels will support the combat maneuver training center and will eliminate the need to fuel vehicles from these tank trucks.

Tactical Equipment Shop

Karlsruhe, Germany



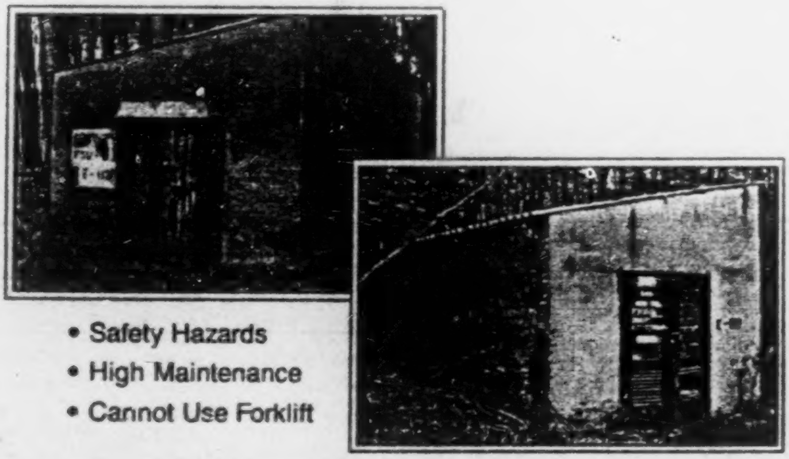
Small Parts Storage and Worker's Lounge

Existing Facility

The new tactical equipment shop at Karlsruhe, Germany, will get the soldiers out of these makeshift facilities.

Ammunition Storage Facility

Darmstadt, Germany



- **Safety Hazards**
- **High Maintenance**
- **Cannot Use Forklift**

And finally we need ammunition storage facilities at Darmstadt to provide safety and efficiency during critical upload operations.

Unaccompanied Personnel Housing

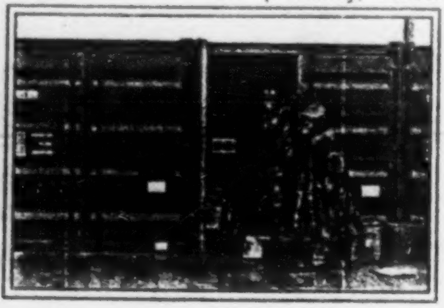
Camp Garry Owen
Korea

Quonset Hut

We have some funds programmed for Korea, again striving to eliminate soldiers living in quonset huts——

Tactical Equipment Shop

Existing Shop Office



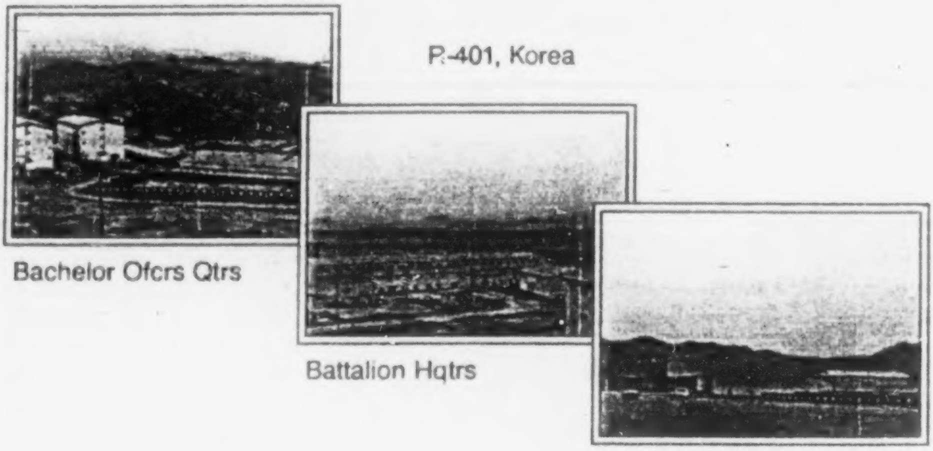
Camp Casey, Korea

To replace tactical equipment shops that are outmoded and overcrowded——

New Airfield Complex

Funded by Host Nation

R-401, Korea



And to complement some of the U.S. facilities. These are being provided as part of the burdensharing by the Koreans. This set of photographs shows the new aircraft complex at location R-401 which is host nation-supported within the republic.

I would conclude with a short overview of family housing.

PROGRAM HIGHLIGHTS AFH

Fund cost of ownership.
Reduce deferred maintenance and repair (DMAR).
Improve existing inventory.
Eliminate programmable deficit.

Our housing strategy is similar to our facilities strategy.

AFH COMPARISON

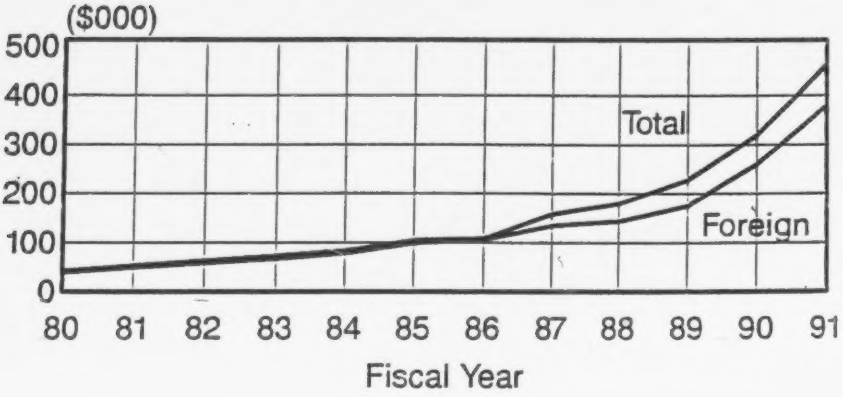
[In millions of dollars]

	1988 actuals	1989 program	1990 request	1991 request
Investment accts	331.3	197.3	55.9	59.3
O&M accts	1,279.3	1,329.9	1,412.7	1,594.9
Debt (int and princ)	2.9	0.4	0.4	0.3
Total	1,613.5	1,527.6	1,469.0	1,654.5

And the effect of maintaining what we have before building new facilities shows again in the funding of our operations and maintenance accounts and the depressing of our investment accounts in order to accomplish that.

AFH Leasing

Foreign vs Total

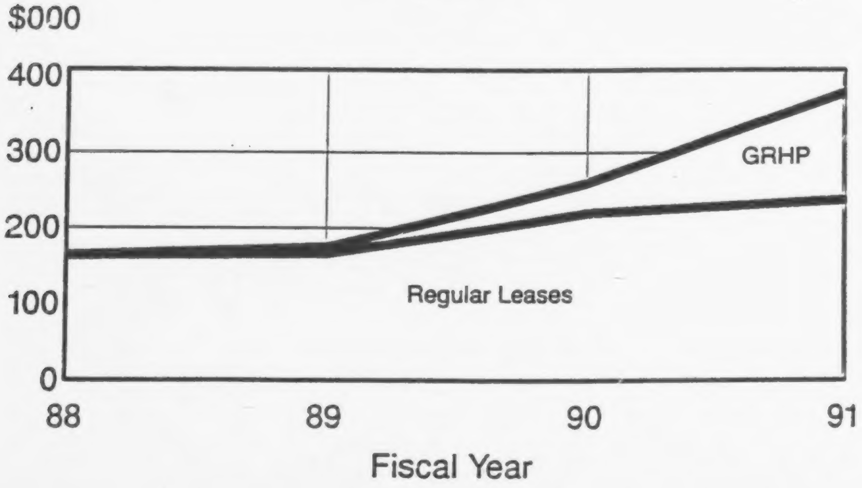


NOTE: Increase in AFH are offset by decreases in Military Personnel Account (MPA)

We have a major initiative in leasing. The increase in the number of leases is primarily driven by the Government Rental Housing Program referred to by General Hatch, GRHP will be an overseas operation.

Government Rental Housing Program (GRHP)

Foreign Leases



This slide shows our foreign leases and the impact of the Government Rental Housing Program over the years 1990 to 1991. General Hatch already mentioned the program. This slide presents some highlights of how the program works.

How GRPH Works

U.S. leases housing directly from landlord.
U.S. pays all lease costs (less than housing allowances).
Soldier forfeits housing allowances.
Soldier stays on economy entire tour.
Relieve soldier's out-of-pocket expenses.
Bottom line: Improves soldier morale; and eliminates relocation when on-post housing becomes available.

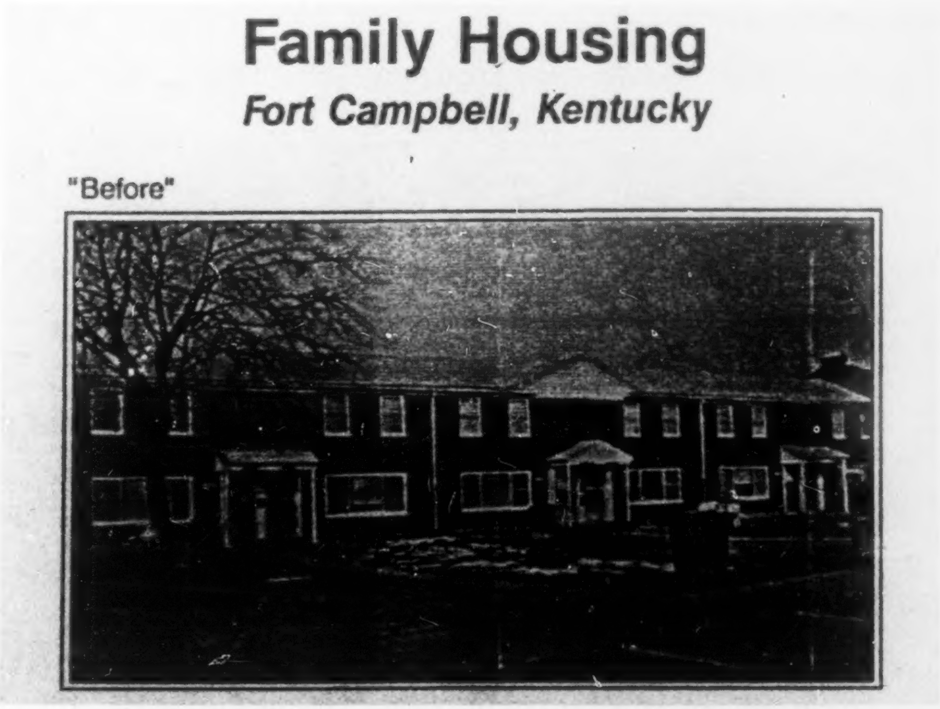
The bottom line is that the program improves soldier morale and eliminates relocations when on-post housing becomes available.

Family Housing Construction, Fiscal Year 1990

BUDGET HIGHLIGHTS

Provides 150 new units to Hawaii.
Upgrades/replaces 230 of 774 remaining substandard quarters.
Renews 306 units.
Air-conditions 1,221 units.
Modernizes portions of 63 units.

Some highlights of our construction program. We will build 150 new units in Hawaii and will continue our upgrade and renewal program. We will also continue the air-conditioning program and modernization.



Family Housing

Fort Campbell, Kentucky

"Before"

This pictures what we are trying to do particularly in our improvement program, which we feel has a very, very high payoff in terms of soldier and family satisfaction per dollar spent. This slide shows some houses at Fort Campbell before the improvement program.

Family Housing

Fort Campbell, Kentucky

"After"

This slide shows the kind of improvements that can be made both interior and exterior as a result of the program. It is a big payoff program, we believe.

FAMILY HOUSING OPERATIONS, FISCAL YEAR 1990

BUDGET HIGHLIGHTS

Provides 85 percent cost of ownership.
Funds full leasing program (including 18,600 GRHP leases).
Funds health/safety problems.
Funds about half of needed major M&R projects.

Our housing operations again provide only 85 percent of cost of ownership, so the deferred maintenance backlog will continue to increase. It provides for funding of the leasing program, including the Government Rental Housing Program, and continues to provide needed health and safety programs.

MILITARY CONSTRUCTION APPROPRIATIONS SUMMARY

[In millions of dollars]

	Approved	Requested	
	Fiscal year 1989	Fiscal year 1990	Fiscal year 1991
MCA	1,141	905	1,183
AFH	1,527	1,469	1,654
HOA	2	5	5

I would conclude with a review again of the funding levels requested within the program for 1990 and 1991, to include the homeowner's assistance program, a program that is critical to and will require additional resources for implementation of the base closure program.

PREPARED STATEMENT

Sir, this concludes my overview, and we await your questions.

[The statement follows:]

STATEMENT OF MAJ. GEN. PETER J. OFFRINGA

Mr. Chairman and Members of the Subcommittee. I am Major General Peter J. Offringa, Assistant Chief of Engineers, Office of the Chief of Engineers, Department of the Army.

I am pleased to return this year to present the details of Army's portion of the Military Construction and Family Housing Appropriation Request for fiscal years 1990 and 1991. As General Hatch said this program continues support for our major initiatives within the constrained fiscal guidelines.

First, I would like to present the biennial fiscal years 1990 and 1991 MCA program, highlight selected initiatives and show the balance that we have achieved to provide support for the total Army. Let us look at the three primary perspectives of our soldiers; working, training and living conditions.

WORKING AND TRAINING CONDITIONS

A significant amount of resources is devoted to improving the working and training conditions and therefore the readiness of our soldiers. Over 51 percent of the program in fiscal year 1990 and 53 percent in fiscal year 1991 is devoted to improving working and training conditions. We are providing modern facilities for instructional, logistics and training support of Army operations. I believe that better facilities leads to better performance. Accordingly, better performance leads to a corresponding increase in military readiness and warfighting capability. A total of $465,290,000 is included in the fiscal year 1990 request and $633,160,000 in 1991 to ensure this support will be sustained.

The fiscal years 1990 and 1991 requests include $116,650,000 and $64,490,000 for Operational projects, $76,900,000 and $113,480,000 for Training ranges and facilities, $229,500,000 and $406,410,000 for Maintenance and Production, $42,240,000 and $48,780,000 for Research, Development Test and Evaluation.

LIVING CONDITIONS

Although the Army continues to support Quality of Life through a balanced program, troop housing and community facilities have been reduced from requests of previous fiscal years as funding is further constrained. The operational necessity of sustaining a ready Army and high priority defense initiatives have forced us to slow down on one of our most successful and visible programs. Troop housing and community support facilities total $137,690,000, 16 percent, for fiscal year 1990 and $212,040,000, 18 percent, for fiscal year 1991.

In the Unaccompanied Housing category, the fiscal year 1990 request of $68,550,000 contains 3,130 spaces of new construction, and one dining facility. In fiscal year 1991, we have included $117,440,000 for 4,353 spaces of new construction, 1,106 existing spaces for modernization, and four dining facilities.

The Morale, Welfare and Recreation projects in the community facilities program exemplify the Army's commitment to fixing existing assets where it is cost effective and only construct where there is no other option. New construction will utilize design standards to save construction costs. We are making progress and, with your help, will continue this program. Our request includes a mix of 18 critically needed community facility projects totaling $69,140,000 in fiscal year 1990 and an additional 27 projects for $94,600,000 in fiscal year 1991 as indicated in the following display:

COMMUNITY FACILITY PROJECTS

	Fiscal year 1990	Fiscal year 1991
Chapel	1	4
Chapel Center and Child Development Center	2	1
Child Development/Religious Ed Center	2	
Child Development Center/Addition	6	6
Education Center/Addition	1	1
Physical Fitness Training Center	2	7
Recreation Center	1	1
Snack Bar Upgrade/Cadet Club	1	
Post Office	1	
Community Support Facility	1	
Library Addition		1
Multi-Purpose Auditorium Facility		1
Fire Station		4
Military Police Station Addition		1

GEOGRAPHICAL DISTRIBUTION HIGHLIGHTS

UNITED STATES

Our budget request inside the United States provides $523,460,000 for fiscal year 1990 and $697,400,000 for fiscal year 1991 in construction projects. The projects are located at installations in 23 States for fiscal year 1990 and 28 States for fiscal year 1991. Projects totaling more than $30 million in construction in fiscal year 1990 are located in each of the following States: Alabama, Kentucky, New York, North Carolina, and Texas; and for fiscal year 1991: Alabama, California, Kansas, Kentucky, New Jersey, North Carolina, Oregon, Pennsylvania, Texas, and Washington.

EUROPE

Our construction program for the United States Army, Europe (USAREUR) totals $205,460,000 for fiscal year 1990 and $235,620,000 for fiscal year 1991. Except for Forces Command this is the largest major Army command program; however, in relation to total requirements, it is an austere program especially when considered in light of the deplorable conditions in which many of our soldiers live and work. Twenty-eight percent of our soldiers are stationed in Europe. The size of our program in Europe represents the Army's response to major facility concerns by the Commander-in-Chief of U.S. Army, Europe, and the sustainment of major initiatives in that theater. Marked improvements have been made, thanks to the strong support of Congress and the Administration. This program will continue that momentum and provide additional improvements. Our biennial budget represents a prudent balancing of requirements and support for our deployed soldiers as well as a responsible stewardship of our constrained resources.

Emphasis in the program remains on facility modernization, hardstand/facility upgrade, with 23 of the 36 projects in fiscal year 1990 and 25 of 40 projects in fiscal year 1991. The program also supports utilities improvements, range modernization, aircraft maintenance hangars and quality of life. These facilities will not only permit the deployment of new weapons, they will also substantially improve the conditions of the areas where the soldiers spend much of their working day.

WESTERN PACIFIC

The Army continues to support its commitment in the Western Pacific with a $50,550,000 fiscal year 1990 request and $89,630,000 fiscal year 1991 request in support of the Eighth U.S. Army in Korea. Once again our program provides the facility support to the major initiatives of the Commander-in-Chief of U.S.Forces in Korea. The U.S. Army, Japan request is $17,100,000 for fiscal year 1991. Almost 60 percent in fiscal year 1990 and 72 percent in fiscal year 1991 request for the Western Pacific area is allocated to replacing the deplorable housing facilities used by the 2d Infantry Division and support organizations.

Let me emphasize, that while our construction standards at these locations are austere, they are consistent with enhancing individual, unit, and equipment readiness within the realities of an unaccompanied overseas environment. The fiscal years 1990 and 1991 programs also provide $20,250,000 and $18,800,000, respectively, for operational and equipment support requirements in this area.

KWAJALEIN MISSILE RANGE

In the fiscal year 1990 MCA budget request, we have included $9,500,000 for construction to support the Kwajalein Missile Range. The request contains projects for a water production facility, sewage treatment plant and an addition to the document storage facility.

CENTRAL AMERICA

The Army has minimum construction requirements for additional facilities in this region. In fiscal year 1990 only two projects are included for Panama and Honduras totaling $9,600,000. An aircraft apron extension will ensure safe operations of the additional, larger helicopters being stationed in Panama. The project in Honduras, for replacing wooden "cat hut" tents with relocatable billets, will provide improved temporary living conditions to personnel assigned to this remote site and will be the last of the barracks upgrade program in Honduras.

SPECIAL PROGRAM HIGHLIGHTS

REVITALIZATION OF ARMY FACILITIES

We are forging, within the very tight fiscal constraints, a revitalization strategy. This strategy involves defining the costs and benefits associated with various levels of revitalization investment in our current facilities. The current budget has a revitalization investment rate, in both Military Construction, Army (MCA) and Real Property Maintenance Activities (RPMA), of about 1.1 percent of the Army's Plant Replacement Value. An Office of the Secretary of Defense (OSD) study has indicated that Department of Defense facilities replenishment rates are one-third of the private sector and one-half of other public sectors. Our approach entails clarifying the benefits—in dollars and productivity—for increasing our facilities/infrastructure revitalization rates. We are continuing to develop the necessary documentation to justify additional funding of a revitalization program to balance our essential new mission facilities requirements.

ARMY ENVIRONMENTAL PROGRAM

The fiscal years 1990 and 1991 programs include three projects for water pollution abatement totaling $48,250,000. One project is in the fiscal year 1990 budget for Kwajalein. Two projects in fiscal year 1991 support requirements for Fort Sill and Fort Dix which also services the adjacent McGuire Air Force Base.

AREA ORIENTED DEPOT (AOD) MODERNIZATION

The Area Oriented Depot modernization/standardization (AODM/S) program will provide the Army wholesale supply system with state-of-the-art facilities capable of sustaining a high level of support to the modern Army well into the next century, both during peace and mobilization for wartime support. The AOD's at Sharpe Army Depot, California; New Cumberland Army Depot, Pennsylvania; and Red River Army Depot, Texas, process 92 percent of all of the Depot Systems Command's materiel release orders, primarily repair parts.

With your support, funding has been completed for the first Distribution Center Facility at Sharpe Army Depot which will be operational this spring, and the second facility at New Cumberland Army Depot, Pennsylvania, where construction is at 80 percent and progressing on schedule. The third facility, at Red River Army Depot, Texas, was initiated in the fiscal year 1988 program by the Congress and received advance authorization of $88 million in fiscal year 1989. However, due to the long construction time involved with AOD's, appropriation of only $10 million was approved in fiscal year 1989. The fiscal years 1990 and 1991 programs request $39 million of that authorization each year to complete the funding of this facility, which will allow our distribution system to be more efficient.

LIGHT INFANTRY DIVISION

The Army formed five light infantry divisions to improve its ability to deploy rapidly to all parts of the world, particularly for low intensity conflicts. We converted two existing active component divisions (at Fort Ord, California, and in Hawaii); formed two new active component divisions (at Fort Drum, New York, and in Alaska) and, formed one new Army National Guard division (at Fort Belvoir, Virginia). The converted divisions involved minimal new construction requirements. The 6th Infantry Division has been activated in Alaska using the existing 197th Infantry Brigade as a nucleus and is split between Forts Wainwright and Richardson.

The 10th Mountain Division has been activated at Fort Drum, New York. The fiscal year 1987 Military Construction and Appropriation Acts provided total authority of $615 million for the facilities required in support of the 10th Mountain Division at Fort Drum, New York. A construction contract to undertake this work was awarded in April 1987. In addition to the initial appropriation of $175 million in fiscal year 1987, the Congress provided advance authorization and advance appropriations totaling $221 million for fiscal year 1988 and $214 million for fiscal year 1989 for a total appropriation of $610 million. The fiscal year 1990 budget requests completion of a military aviation facility at Fort Drum for $70,600,000. This will provide not only a complete and usable airfield facility but will improve the readiness of the 10th Mountain Division and reduce costs of operating from the remote airfield currently being used.

The completion of the airfield facilities will essentially complete the Fort Drum expansion program as planned in 1987 except for 41 projects totaling $134 million. These projects will now compete through the normal MCA process for funding in future budgets.

USAREUR INITIATIVES

The European Theatre has several important initiatives that depend on facilities included in this request. Several projects will sustain the momentum of our previous programs and provide the required support for our soldiers and equipment.

The continuation of construction in support of operations of the Northern Army Group at the Reichel Complex in Rheinberg remains a high priority this year. The projects included in the fiscal years 1990 and 1991 request continue the program that began in fiscal year 1987 and are necessary to ensure that the programming will be completed on schedule. As you know, this complex is being developed as a result of a threat analysis and is ideally located to provide logistical support and coordination in this area. The three projects included in the budget include two operational tactical equipment shops with handstands and a community support facility.

The relocation of ground combat units to Vilseck and the Army Aviation Restationing initiatives are continued in the requests for both fiscal years 1990 and 1991. Projects submitted are critical for the fielding of ground combat units and AH-64 Attack Helicopter battalions.

Establishment of the Combat Maneuver Training Complex (CMTC) at Hohenfels will allow USAREUR armor and mechanized infantry battalions to train in a realistic battlefield environment. The construction included in this request is required to achieve the goal of providing fully operational, realistic training to our forward deployed combat units in USAREUR.

We again ask for construction of facilities to improve the living and working conditions of our soldiers in Europe. This request will allow continuation of our effort to "get our soldiers out of the mud" and improve their quality of life. Our request is necessary not only to assure that we have a highly motivated, ready force in Europe, but to protect the investment we have in our soldiers and their weapons and equipment as well.

These issues have the full support of the Commander-in-Chief (CINC), U.S. Forces, Europe. The fact that the fiscal year 1990 request for Europe represents 23 percent of the Army request and fiscal year 1991, 20 percent, is a result of strong CINC involvement with the Military Construction program in Europe.

CHEMICAL DEMILITARIZATION

The Army, as the Executive Agent for the Chemical Demilitarization Program, is responsible for the disposal of the entire United States stockpile of chemical agents and munitions. For several years, the Army has been researching the best method for disposing of the chemical stockpile. Our research has shown that the safest and most efficient way to dispose of the chemical stockpile is through disassembly and incineration. We have demonstrated this methodology successfully at our pilot facility, the Chemical Agents Munitions Disposal System (CADS) located at Tooele Army Depot, Utah. We will use the disassembly technology at the Johnson Atoll Chemical Agent Disposal System (JACADS), our first full-scale disposal facility, and at the eight facilities that will be constructed in the continental United States.

In fiscal year 1989, we will construct the first chemical disposal facility in the United States at Tooele Army Depot, Utah. The next construction phase of this program is included in the fiscal year 1991 request and includes three projects totaling $96,900,000—Anniston Army Depot, Pine Bluff Arsenal and Umatilla Army Depot.

SPECIAL OPERATIONS FORCES

The Army continues on its planned expansion and enhancement of the Special Operations Forces authorized by Congress with requests for $37,450,000 and $4,800,000 in fiscal years 1990 and 1991, respectively. The construction of the Headquarters Building for the 1st Special Operations Command (SOCOM) in fiscal year 1990 will vastly improve the overall command and control for this important organization. Also included in 1990 is the Combat Divers Training Facility to be constructed at Fleming Key, FL, for the J.F. Kennedy Special Warfare Center at Fort Bragg, NC. The remaining projects in 1990 and those in 1991 provide the necessary facilities for the Special Operations Aviation units at Fort Campbell, KY, Fort Stewart, GA, and for flight simulation training at Fort Rucker, AL.

CURRENCY REVALUATION IMPACTS

The decline of the dollar continues to have an impact on our construction program. Previous programs have been budgeted at rates as high as 2.99 DM per dollar. The contracts that have been awarded and obligated at the prior, higher rates are now actually being paid out at a much lower rate for work as it is being constructed—recently as low as 1.72 DM per dollar. An analysis of the impact, at this rate, on the fiscal year 1989 and prior authorized programs indicates an additional outlay requirement for MCA and family housing of approximately $110,000,000 and $140,000,000, respectively, during fiscal year 1989. The request for fiscal years 1990 and 1991 is budgeted at 1.75 DM per dollar in accordance with the Office of Management and Budget Guidelines, and unless we have a drastic change in the world money markets this will help the currency problems in the out-years. But there will still be a problem in the near term since rates from 1986 through 1989 were budgeted at rates varying from 2.99 to 2.06 DM per dollar.

In fiscal year 1987 a currency fluctuation account was established within the Department of Defense; however, there was no funding associated with this account and we initially capitalized this with the limited unobligated balances accrued in prior years. The fiscal year 1988 and 1989 appropriations to offset currency deficiencies provides partial relief, however, shortages continue. We will continue the practice of deferring the awards of some projects this year in order to avoid an over obligation within this appropriation. We utilized a similar strategy last year and, fortunately, did not have to cancel any approved projects due to currency losses. I am not optimistic that we can completely avoid cancellation of projects this year.

I am bringing this to your attention as a problem that we again have to jointly face. This is the most critical problem we have in awarding and constructing the program requested.

BUDGET REQUEST ANALYSIS

OVERVIEW—MILITARY CONSTRUCTION, ARMY

The fiscal year 1990 MCA budget request includes a request for appropriation of $904,800,000 along with a companion authorization request for $852,840,000. In fiscal year 1991, we are requesting appropriation of $1,182,600,000 while the complementary authorization request is $1,143,600,000.

The difference in the Appropriation and Authorization requests in fiscal year 1990 is due to the previously authorized construction at Red River Army Depot fiscal year 1989 advance authorization of $88 million and high priority projects in Germany for which appropriation could not be provided in fiscal year 1989 due to budget constraints ($12,960,000). In fiscal year 1991, the difference between the Appropriation and Authorization is the previously authorized construction at Red River Army Depot. This is summarized as follows:

[In thousands of dollars]

	Fiscal year 1990	Fiscal year 1991
Previous authorizations	51,960	39,000
Red River AD	(39,000)	(39,000)
Europe projects	(12,960)	
New project authorization	852,840	1,143,600
Red River AD	39,000	39,000
Authorization of appropriations	891,840	1,182,600
Appropriations requested	904,800	1,182,600

The difference in the authorization and appropriations request, by facility category, is shown in Table 1:

TABLE 1.—MILITARY CONSTRUCTION, ARMY

[In thousands of dollars]

Facility category	1990 authorization	1990 appropriation	1991 authorization	1991 appropriation
Operations and training	192,100	193,550	177,970	177,970
Maintenance and production	229,500	229,500	406,410	406,410
Research, development, test and evaluation	42,240	42,240	48,780	48,780
Supply and administrative	104,650	149,550	81,950	120,950
Unaccompanied housing	68,550	68,550	117,440	117,440
Community	63,530	69,140	94,600	94,600
Utilities and real estate	54,390	54,390	101,750	101,750
Design/minor	97,880	97,880	114,700	114,700
Total	852,840	904,800	1,143,600	1,182,600

Table 2 shows the facility categories in which funds are requested and the percentage of the construction dollars by category.

TABLE 2.—FISCAL YEARS 1990–91 MILITARY CONSTRUCTION, ARMY, PROGRAM FACILITY CATEGORY SUMMARY

[Dollars in thousands]

Facility category	Fiscal year 1990		Fiscal year 1991	
	Cost	Percentage	Cost	Percentage
Operations and training	193,550	21	177,970	15
Maintenance and production	229,500	25	406,410	34
Research, development, test and evaluation	42,240	5	48,780	4
Supply and administrative	149,550	16	120,950	10
Unaccompanied housing	68,550	8	117,440	10
Community	69,140	8	94,600	8
Utilities and real estate	54,390	6	101,750	9
Design/minor	97,880	11	114,700	10
Total	904,800	100	1,182,600	100

Table 3 shows the fiscal years 1990 and 1991 distribution of the appropriation request among major commands in the United States and overseas. Construction projects in the United States account for $523,460,000 in fiscal year 1990, 58 percent, and $697,400,000 in fiscal year 1991, 59 percent. Construction projects outside the United States are 31 percent in each of the years total request, $283,460,000 and $365,000,000. This request also calls for planning and design, and unspecified minor construction of $97,880,000 in fiscal year 1990. In fiscal year 1991, this is increased, along with a request for access roads, for a total request of $120,200,000.

TABLE 3.—PROPOSED FISCAL YEAR 1990–91 MILITARY CONSTRUCTION, ARMY, PROGRAM COMMAND SUMMARY

[Dollars in thousands]

Command	Cost	Percentage of total
FISCAL YEAR 1990		
INSIDE THE UNITED STATES		
Forces Command	$259,890	28.7
Training and Doctrine Command	73,050	8.1
Army Materiel Command	119,090	13.2
Western Command	19,300	2.1
Information Systems Command	10,530	1.2
US Military Academy	12,400	1.4
Army Health Services Command	2,300	.3
Military District Washington	23,000	2.5
Other	3,900	.4
Total	523,460	57.9
OUTSIDE THE UNITED STATES		
US Army, Europe	205,460	22.7
Eighth US Army, Korea	50,550	5.6
Strategic Defense Command	9,500	1.0
Southern Command	9,600	1.1
Intelligence Command	2,250	.2
Other	6,100	0.7
Total	283,460	31.3
OTHER		
Planning and design	86,880	9.6
Unspecified minor construction	11,000	1.2
Total	97,880	10.8
Total obligation authority requested	904,800	100.0
FISCAL YEAR 1991		
INSIDE THE UNITED STATES		
Forces Command	298,510	25.2
Training and Doctrine Command	165,020	14.0
Army Materiel Command	208,710	17.7
Western Command	9,600	.8
Intelligence Command	1,100	.1
Information Systems Command	5,010	.4
Army Health Services Command	550	.1
Military District Washington	3,700	.3
Military Traffic Management Command	1,200	.1
Other	4,000	.3
Total	697,400	59.0
OUTSIDE THE UNITED STATES		
US Army, Europe	235,620	19.9
Eighth US Army, Korea	86,880	7.4

TABLE 3.—PROPOSED FISCAL YEAR 1990–91 MILITARY CONSTRUCTION, ARMY, PROGRAM COMMAND SUMMARY—Continued

[Dollars in thousands]

Command	Cost	Percentage of total
US Army, Japan	17,100	1.4
Southern Command	1,350	0.1
Intelligence Command	2,750	0.2
Other	21,300	1.8
Total	365,000	30.8
OTHER		
Access roads	5,500	.5
Planning and design	102,700	8.7
Unspecified minor construction	12,000	1.0
Total	120,200	10.2
Total obligation authority requested	1,182,600	100.0

MCA SUMMARY

Mr. Chairman, in summary, the fiscal years 1990 and 1991 Military Construction Army, request for appropriation is $904,800,000 and $1,182,600,000, respectively. Approval of this funding level will help us realize the Army goals to support Army, Defense and National initiatives, get equipment out of the mud, provide adequate housing for soldiers, eliminate obsolete and deficient work areas, meet statutory and regulatory requirements, and continue to send a message to our soldiers that their government cares. Approval of this request will continue the efforts of the Army and Congress, to provide modern facilities enabling us to attract and retain quality soldiers and maintain worldwide operational readiness and fighting ability.

Sir, this concludes my statement on MCA. I would now like to discuss some of the details of the Army Family Housing program.

ARMY FAMILY HOUSING (AFH) OVERVIEW

The fiscal years 1990 and 1991 requests sustain efforts started in prior years to improve the operational readiness of the Army while, at the same time, provide quality of life improvements necessary to attract and retain dedicated individuals to serve in the Army.

Adequate family housing continues to be one of our top priorities. The biennial budget request reflects the Army's commitment to provide suitable housing for our soldiers and families and to maintain the quality of the facilities entrusted to our stewardship.

The fiscal years 1990 and 1991 AFH budget includes a request (Table 1) for $1,469,000,000 and $1,654,550,000 in appropriation.

TABLE 1.—PROPOSED FISCAL YEARS 1990 AND 1991 ARMY FAMILY HOUSING PROGRAM AUTHORIZATION AND APPROPRIATION SUMMARY

[In thousands of dollars]

Facility category	Fiscal year 1990 appropriation	Fiscal year 1991 appropriation
New construction	17,522	15,300
Improvements	36,794	40,840
Planning and design	1,626	3,190
Operations	204,596	202,305
Utilities	296,784	305,643
Maintenance	592,179	625,451

TABLE 1.—PROPOSED FISCAL YEARS 1990 AND 1991 ARMY FAMILY HOUSING PROGRAM AUTHORIZATION AND APPROPRIATION SUMMARY—Continued

[In thousands of dollars]

Facility category	Fiscal year 1990 appropriation	Fiscal year 1991 appropriation
Leasing	319,141	461,522
Debt interest	58	49
Debt principal	300	250
Total	1,469,000	1,654,550

HOUSING PROGRAM ACCOUNTS

The Army Family Housing budget request includes resources for Army's new construction requirements, revitalization to our aging housing inventory, planning and design of future construction projects, and to fund the annual costs of operating, maintaining, and leasing housing units for military families. This request does not, however, provide adequate resources to perform all needed maintenance work, adding to the growing backlog of deferred maintenance and repair. Table 2 summarizes each of the categories of the AFH program and the percent of the total request for each category.

TABLE 2.—ARMY FAMILY HOUSING FISCAL YEARS 1990 AND 1991 BUDGET SUMMARY FACILITY CATEGORY SUMMARY

Facility category	Fiscal year 1990 percent of total appropriation	Fiscal year 1991 percent of total appropriation
New construction	1.2	0.9
Post acquisition construction	2.5	2.5
Planning and design	.2	.2
Operations	13.9	12.2
Utilities	20.2	18.5
Maintenance	40.3	37.8
Leasing	21.7	27.9
Debt interest	([1])	([1])
Debt principal	([1])	([1])

[1] Less than 0.1 percent.

NEW CONSTRUCTION

Army policy directs that the first source for providing family housing will be the civilian community. The concept of the Variable Housing Allowance (VHA) supports this policy. The Army's execution of the two test programs approved under Sections 801 and 802 of Public Law 98-115 also fully supports this policy. However, at locations where off-post housing is not available, too costly, or substandard, the Army must take positive steps to provide adequate housing for military families. New construction is programmed only when these conditions exist and it is the most economical alternative.

In this biennial budget our construction program has been reduced to our highest priority location, Hawaii, and one unit in Europe to provide safe housing for a general officer. Table 3 shows the projects requested for construction of family housing. These construction projects are for critically needed dwelling units on Oahu where off-post housing is scarce and expensive and continues an acquisition program that the Army started in 1988. Overseas construction at Verona, Italy, will provide one family housing unit for occupancy by a general officer to be sited on a secure Italian military facility. The site is being donated by the Italian government.

TABLE 3.—ARMY FAMILY HOUSING NEW CONSTRUCTION FISCAL YEARS 1990 AND 1991 BUDGET REQUEST

[Dollars in thousands]

	Fiscal year 1990		Fiscal year 1991	
	Number of units	Request for appropriation	Number of units	Request for appropriation
New family housing construction:				
Helemano, HI	90	$10,322		
Hickam Air Force Base, HI	20	2,500		
Kaneohe Marine Corps Air Station, HI	40	4,700		
Oahu, Hawaii, various, HI			126	$15,000
Verona, IT			1	300
Subtotal	150	17,522	127	15,300

POST ACQUISITION CONSTRUCTION

The Post Acquisition Construction program consists of substandard upgrades and whole house renewals to the current inventory to bring them up to contemporary standards and modernize obsolete systems. Due to the aging of our inventory, we must continue to place emphasis on this type work. In doing so,we will protect the government's investment and provide long-lasting benefits to our soldiers and their families.

Specifically, this request will provide revitalization to approximately 1,800 units at worldwide locations in fiscal year 1990 and almost 2,000 units in fiscal year 1991. Included in the request are whole house renewal projects for 306 units in fiscal year 1990 and 906 units in 1991. Smaller selected improvements will be made to 1,249 and 955 units in fiscal years 1990 and 1991, respectively. Funding will also correct substandard housing conditions in 230 units in fiscal year 1990 and an additional 103 units in fiscal year 1991.

OPERATION AND MAINTENANCE

The operation, utility and maintenance programs comprise the majority of the fiscal years 1990 and 1991 budget request, 74 and 69 percent, respectively. The funding requested for these programs partially funds the Army's "cost of ownership," defined as the annual expenditures necessary to provide municipal-type services and utilities, to maintain the existing family housing inventory in order to protect the Army's investment, and to provide overall stewardship of the family housing inventory. Cost of ownership does not include that maintenance and repair work which was deferred in prior years due to insufficient funding, or revitalization projects. Fiscal years 1990 and 1991 requests continue programs which were in effect during previous years and provides resources for 79 percent of our maintenance and repair requirements.

The cost of ownership funding for fiscal year 1990 increased 5.5 percent for inflation and pay raises over the fiscal year 1989 program and fiscal year 1991 increases 13 percent over 1990. Other increases to the fiscal years 1990 and 1991 funding requirement result from our attempt to restore funding shortfalls in prior years due to the declining value of the dollar and also as a result of the increased Government Rental Housing Program in Europe. This budget request restores some of the maintenance funding lost during fiscal year 1989 in order to continue our efforts to fix our aging, deteriorating inventory. This request also continues funding for the installation, operation and maintenance of an Army-wide computer system, Housing Operations Management System (HOMES), which is improving many phases of housing management. Due to continued management emphasis and the impact of previously approved energy conservation projects, a reduction in energy consumption has been factored into the utilities request. A continuing objective of the operation and maintenance program is the improvement of living conditions for military families throughout the world by accomplishing the annual maintenance and repair of our inventory. However, this budget request will not accomplish all work which is needed to meet this objective.

DEFERRED MAINTENANCE

Deferred maintenance is that maintenance and repair work which was scheduled for accomplishment in a prior fiscal year annual work plan, but could not be accomplished due to insufficient funding. Foreign currency losses and fiscal constraints since fiscal year 1986 created funding shortfalls which resulted in the deferral of more than $300 million of maintenance projects since that time. In the short-term, deferring projects is the least harmful way of meeting the Federal deficit reduction goals and paying for currency losses, but this deferral adds to the backlog of requirements and increases the rate of facility deterioration. We project the deferred maintenance backlog will increase to $935 million in fiscal year 1990 and $1,118 million in 1991 due to insufficient funding of the cost of ownership.

LEASING

Another way of adequately housing our military families is the leasing program. Our program includes domestic leases (Section 801 and temporary domestic), Section 802 rental guarantee housing, and foreign leases. The temporary domestic leasing program for fiscal years 1990 and 1991 continues to decrease as the need for temporary housing at Fort Drum and Fort Ord decreases. We have requested only $7,097,000 and $4,697,000 for temporary leases in fiscal years 1990 and 1991, respectively. The Section 801 program requests appropriation of $51,811,000 in fiscal year 1990 for an average of 3,874 units and $77,690,000 in fiscal year 1991 for 6,553 units. The largest growth in this budget presentation is in the foreign leasing program. In the foreign leasing program, we request appropriation of $260,233,000 in fiscal year 1990 and $379,135,000 in fiscal year 1991. This growth is due to the expansion of the Government Rental Housing Program (GRHP) in Europe. Under this program the Army leases directly with European landlords and pays all lease costs while our soldiers forfeit all housing allowances. The soldiers then stay in these leased units for their entire tour and are relieved of the high out-of-pocket expenses associated with living on the economy in Europe. We found that soldier morale is improved and there is no additional cost to the government since moneys that would have been paid in housing allowances are now transferred to the housing leasing account.

Our total leasing program appropriation request supports an average of 31,500 units in fiscal year 1990 and 43,304 units in fiscal year 1991 to satisfy requirements in the United States, Europe, Korea, and Panama.

SUMMARY

Mr. Chairman, in summary, I would like to emphasize that the Army's fiscal years 1990 and 1991 family housing budget requests reflect the needs of the service and support the programs presented by the Secretary of the Army and the Chief of Staff, Army. These requests emphasize readiness, improvements to our soldier's quality of life, and wise, careful stewardship of our existing inventory. It includes those projects of highest priority which can be accomplished within fiscal realities. Approval of these requests will enhance the Army's ability to enlist and retain quality soldiers and improve the Army's operational readiness and war fighting capability.

Sir, this concludes my statement. I would be pleased to answer any questions or arrange for answers to be inserted in the record.

REDUCTION IN ARMY PROGRAM

Senator **Sasser**. Gentlemen, thank you for your testimony.

The request of the Army is $236 million under the amount that the Congress approved last year. Now that is a real reduction of some 25 percent.

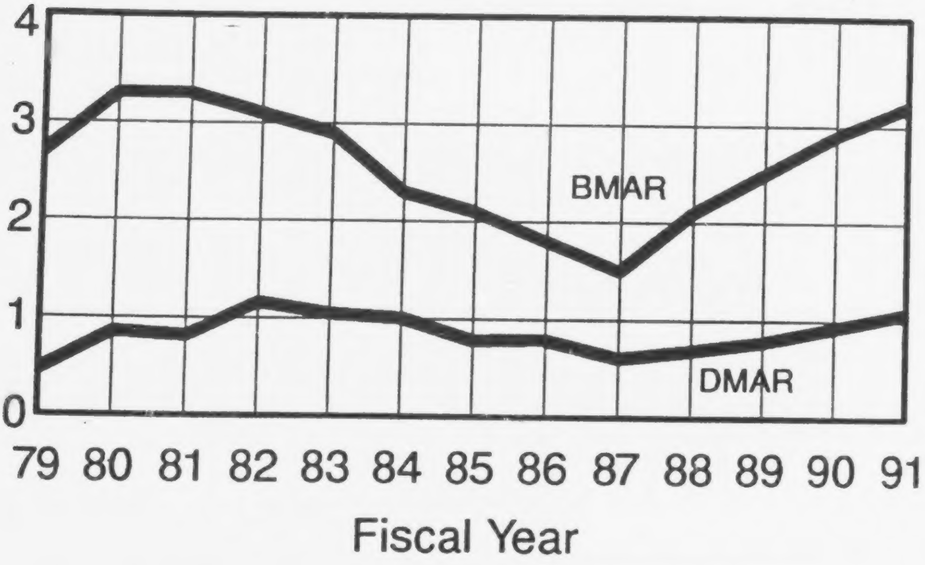
The question I want to ask is whether the Secretary of Defense directed the Army to cut its military construction investment to this degree, or was this a decision solely made at the discretion of the Army itself? In other words, did this come from the Secretary of Defense or did the Army make this decision?

General **Hatch**. Sir, I would say the Secretary of Defense provides an overall total obligation authority to the services and largely this is an internal Army decision to allocate those priorities.

Senator SASSER. Well, I was just curious. I am not sure you can answer this question, but why did Army officials place such a reduced priority on facility improvements and modernizations? The Air Force, for instance, gave construction a 16-percent real increase. Does the Army feel that military construction investments can just wait?

General HATCH. Sir, the Army felt at this particular moment in history that they could wait, at least for a short period of time. I should add that a lot of the Air Force's program—I know they would prefer to speak for themselves than from my describing it—has to do with the number of their modernization and materiel systems fielding plans.

We, fortunately, are wrapping up most of our new fielding initiatives and right at this time we only have a few remaining projects in order to accomplish that.



OMA Backlog of M&R (BMAR)
AFH Deferred M&R (DMAR)

$ Billions (Constant FY90 Dollars/1.75 DM/$)

General Offringa showed you a chart which is something that we have done perhaps for the first time, and that is to attempt to project into the future based on current programs, the rise of our backlog of maintenance and repair. We have simply not done that in the past. We began last summer to do that. And, Mr. Chairman, I assure you that our next program objective memorandum building cycle, which begins this spring and summer, the Army leadership will be looking very, very carefully at that projected rise, and

I am fairly confident we will make some decisions to reduce that projected rise.

That is what we project. That is not what we actually have on hand right now.

Senator **Sasser**. General Hatch, my concern is I do not think we ought to have one service placing more reliance on construction investments and family housing than another service, and I fear that through this time of very tight budgets that could happen.

I think the services need to consider that. I think the services ought to have the same philosophy with regard to family housing and not have Air Force personnel, for example, having access to better family housing and a better quality of life than Army personnel or Navy, for that matter, and I think we need to think very carefully about this matter so that we have uniform treatment of dependents in both Army, Navy, Air Force, and Marine Corps, across the board with regard to family housing and quality of life.

Do you have any comments you would like to make on my observation?

General **Hatch**. Sir, I philosophically agree with you completely. In fact, you have just given me an idea of something that we will do as a staff exercise, and that is, as the Army does consider its next 5 year cyclical program, we will ensure that the Army leadership is well aware of any disparity between that investment level and the quality of the facilities that soldiers, sailors, and airmen and their families might live in and work in.

Senator **Sasser**. Thank you, General Hatch.

I will turn now to—I almost promoted you there, Senator. We will turn now to Senator Grassley for any comments he might wish to make, along with questions.

OPENING STATEMENT OF SENATOR GRASSLEY

Senator **Grassley**. I think, Mr. Chairman, first of all I am just going to put a short statement, opening statement, in the record.

[The statement follows:]

Statement of Senator Charles E. Grassley

Thank you, Mr. Chairman.

I just want to say, again, that I am pleased to be working with you on the hearings for the fiscal year 1990 military construction appropriations bill.

As you have mentioned, today's hearing will be to receive testimony from the Army to be followed by the Navy and Marine Corps. I look forward to listening and learning from our witnesses.

I want to extend my welcome to our witnesses; and as I have stated in our previous hearings, I look forward to working with you. And, I want you to know that I am available to discuss whatever issues may arise as the budget cycle progresses.

FACILITY IMPACT ON PERSONNEL

Senator **Grassley**. I think I would like to continue where you left off, but in a little different vein. I would ask Mr. Johnson about this statement on page 2. You say, "I know what I am concerned about are the lost opportunities to provide facilities to improve morale and efficiency."

Now I do not disagree with that statement. I think it is a commonsense viewpoint. But my question is this: Is this fact or rhetoric. Have there ever been any studies or any approaches to personnel to really find out if there is a relationship between morale, efficiency, and the facilities we have?

Is there something more than just a commonsense approach to your statement?

Mr. **Johnson**. There have been a number of studies, particularly in the family housing area, asking wives what is the best you like in housing. We take that and determine what we can do to improve the type housing, the traffic flow, and what not. Yes; we do make those determinations and we know that we need more money for facilities, excellent facilities.

Right now it is a priority thing and the best we could do this year was by keeping what we have as best we could.

Senator **Grassley**. Well, whatever those are, would you say that they follow about the same commonsense conclusions that, for instance when we get military up there is a general feeling that morale has been much higher in the last few years than it was, we will say, in the decade of the 1970's?

Do you feel that these studies are legitimate enough that you see the ups and downs as we have good facilities or do not have good facilities?

General **Hatch**. Sir, let me tackle that one, if I could. I would say absolutely yes. It is difficult to quantify that, but if we go back and take a look, for example, at the condition of our facilities in Europe when we strained our defense budgets to support the war in Southeast Asia, we allowed those facilities to crumble around the ears of our soldiers.

They were absolutely deplorable and this committee and others have seen pictures that we were showing as we were requesting funds from you the last few years. The correlation between those facilities, reenlistment rates, even enlistment rates and the morale, the discipline in those units, was a very close correlation. It was terrible; it was really bad.

Sir, may I add to that a personal story? My son decided to stop learning about classical music and wanted to get into electronics. After 3 years of college he decided he wanted to enlist in the service. I gave him some, I thought, very general criteria he should use to select which of the services. He did so. He enlisted in the Air Force.

WALTER REED ARMY MEDICAL CENTER

Senator **Grassley**. One interest of mine is to ensure that all agencies of Government are responsive to the Congress. Thus, I am presently having my staff research through the bill of last year and the report of last year to see that you have responded to direction. In that light, last year the committee directed the Secretary of the Army to analyze the situation at Walter Reed Army Medical Center with regard to parking.

I would like to know the status of that direction.

Mr. **Johnson**. We have looked at that and have agreed certainly that they need parking there. We have asked the Health Services Command to make a study to determine the possibility of a third party initiative to build it without burdening the MCA program. That study is underway at the present time.

Senator **Grassley**. Is it going to meet our deadline that we had set up?

Mr. **Johnson**. Yes; I would think so. I do not know exactly the timeframe, but it is now ongoing, and we will determine which is the best way to go, whether or not we do it third party or whether we come back to the military construction program.

PLANNING AND DESIGN FUNDS

Senator **Grassley**. What is your current situation with regard to the planning and design funds? In particular, do you have excess funds from prior years in light of the reductions to the military construction programs, and do you have a large number of projects designed and waiting to be funded in future programs?

General **Offringa**. Sir, we do not have any excess planning and design funds. We reduced our 1989 funding and have not made major increases in 1990 or 1991. We have a backlog of designed projects, but it is not an excessive backlog.

I would also say that when we do have any excess funds for design, they are normally placed into the currency fund.

Senator **Grassley**. Mr. Chairman, I will ask my two remaining questions in writing.

Senator **Sasser**. Thank you, Senator Grassley.

RESERVE COMPONENT FUNDING LEVELS

General Hatch, the request for the Army National Guard is $104 million below last year. Now that is a real reduction of about 50 percent in the amounts that the Congress approved last year. How does the Army determine the amounts that are going to be devoted to the National Guard?

General **Hatch**. Sir, we integrate into our overall priorities the requirements for the Guard and the Reserve just as we do with the Active Force. Those requirements compete through our decision process and, as I have indicated, you are absolutely correct. The Guard and Reserve construction funding has not been increased, as the subcommittee requested.

However, as we have also presented, we cut our regular MCA—that is, the MCA supporting the active component—as well as our Army family housing construction. It has been a very tough decision based on overall budget priorities.

Senator **Sasser**. Well, General, as you, as I am sure, know, the National Guard enjoys a very high priority with this committee, at least the chairman, and clearly the budget before us fails to take care of the needs of the National Guard.

PRESIDENT BUSH'S BUDGET AMENDMENT

Is the Army preparing a new budget submission to comply with President Bush's budget realignments?

General **Hatch**. Yes, sir; we are.

Senator **Sasser**. I want to strongly recommend that with the new budget that the Army reflect on the priorities of Congress with regard to the Army National Guard and the Reserve, and when you resubmit that new budget that the amounts provided for the Guard and the Reserve be increased.

It has been our feeling here for some time that in this era of what appear to be declining defense budgets in the out-years that we need to put greater reliance on the Guard and the Reserve because there is a sense that you can maintain a certain amount of readiness there at a lower price than we can in the Active Force, as the Active Force may shrink as a result of budgetary constraints.

OVERSEAS SPENDING

Finally I would like to discuss the priorities of the Army's budget as it relates to spending overseas. Now the budget that we have before us today actually decreases the amount for projects inside the United States by one-third while it increases the amounts requested for overseas locations by 6 percent.

Now I suspect you know the view of the subcommittee on this matter. It appears to me that what may have occurred here is to cut the budget on the backs of the men and women who serve the Army at bases in this country in order to maintain a high funding level overseas. Why was the decision made—General, I direct this to you or any of your colleagues there that you may wish to answer it—to cut spending about one-third in the United States while increasing it by 6 percent at specified locations abroad?

General Hatch. Sir, let me answer that one in several ways. First of all, as I indicated in my opening comments, we are attempting to finish up some modernization-related projects, some initiatives we began several years ago. Because we began those modernization projects in the United States before we tackled them overseas, the overseas locations have been lagging and, therefore, we would like to finish those up.

General Offringa indicated our effort at Vilseck, Hohenfels, Rheinberg, to mention a few. We hope to finish those up in the 1990–91 time period.

Second, in going back and reviewing the figures we did reduce our request for overseas from last year by one percentage of our total program, and, in fact, are requesting less this year than this committee and the Congress appropriated last year. So we did come down.

Let me add a third comment that goes back to an earlier remark you made concerning the instructions of this committee. About a week and a half ago the Army leadership gathered in response to President Bush's initiatives and began making some decisions on how it might accommodate what, in fact, would be some reductions in the Army's 1990 and 1991 program.

I arranged for a short summary of each of the committee's guidance from last year to be put before every one of those members of the Army general staff and the Secretariat around the table and I assure you I believe you will see some indication when that budget change is revealed that at least we have given very careful consideration to several of the points that you have made in your deliberations last year.

Senator SASSER. Good. I am delighted to hear that, General.

Gentlemen, I have no more questions. Do you have any additional questions for these witnesses?

Senator GRASSLEY. No, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator SASSER. Thank you, General. Thank you both, Generals. We have got some questions that are pending from Senator Reid of Nevada that will be submitted for the record, and I would ask you to respond to those in a timely fashion.

Gentlemen, thank you very much for your testimony here today. We look forward to reviewing your amended budget when it is forwarded to us.

General HATCH. Thank you, Mr. Chairman.

Senator SASSER. Thank you, General Hatch.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR JIM SASSER

ALTERNATIVE FINANCING

Question. List each third party contract, long term facility contract, other than regular military construction, which supports a construction project completed, under construction, or planned for construction, for which appropriations will be required in fiscal year 1990. Indicate which appropriations account will be utilized, i.e., operations and maintenance, family housing operations, etc.

Answer. Army private sector financed projects for which appropriations will be required in fiscal year 1990 are as follows:

Project	Fiscal year 1990 appropriation
Section 801, housing projects: 7,500 units (4,875 on-line and 2,625 under contract).	Family Housing Operations and Maintenance Funds.
Section 2394, energy projects:	
Fort Drum, NY, central heating plant	Operations and Maintenance, Army Funds.
Aberdeen Proving Ground, MD, refuse disposal facility	Army Research, Development, Test and Evaluation Funds.
Shared energy production: Corpus Christi Army Depot, TX, shared energy savings project.	No cost.

Question. Provide for the record each alternative financing project planned for the next 5 years, a description of each project, the projected annual payments, and the projected date obligations would commence.

Answer. Army private sector financed projects planned for the next 5 years are as follows:

Project	Annual payments	Date obligation begins
Section 2809, test projects: [1]		
Redstone Arsenal, AL, central heating plant	Procurement sensitive	Fiscal year 1992.
Fort Polk, LA, maintenance facility	Procurement sensitive	Fiscal year 1992.
Fort Jackson, SC, laundry	Procurement sensitive	Fiscal year 1992.
Fort Benjamin Harrison, IN, transit lodging facility	Procurement sensitive	Unknown. Need for project being verified.
Fort Belvoir, VA, Army Material Command headquarters building.	Procurement sensitive	Unknown. Project on hold pending environmental documentation.
Section 2394, energy projects:		
New Cumberland Army Depot, PA, central heating plant	Procurement sensitive	Fiscal year 1993.
Picatinny Arsenal, NJ, central heating plant	Procurement sensitive	Fiscal year 1993.

Project	Annual payments	Date obligation begins
Redstone Arsenal, AL, central heating plant	$12,000,000	Fiscal year 1991.
Section 801, housing projects: 7,500 units in the next 5 years	$51,811,000	Fiscal year 1990.
	$77,690,000	Fiscal year 1991.
	$91,081,000	Fiscal year 1992.
	$93,995,000	Fiscal year 1993.
	$94,222,000	Fiscal year 1994.

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[1] Statutory authority only allows one test project in specific facilities categories. Specific projects that would be pursued should the Congress broaden existing authority have not been identified. Candidate project lists are as shown in fiscal year 1988 and fiscal years 1990–91 Army military construction project justification books. Extracts are attached.

EXTRACT FROM DEPARTMENT OF THE ARMY FISCAL YEAR 1990 MILITARY CONSTRUCTION JUSTIFICATION BOOK

SPECIAL PROGRAM CONSIDERATIONS

THIRD PARTY CONTRACTING

Section 2711 (Test of Long-Term Facilities Contracts) of the National Defense Authorization Act for Fiscal Year 1987 amends section 2809(a)(1) of Title 10, U.S. Code. This amended section expands the scope of the activities/services that the Secretary may contract and adds the requirement for the Secretary to identify the candidate projects in the budget submitted to the Congress.

Listed below are supplemental candidates which the Army is considering for long-term facilities contracts. In addition to the following category summary, a more detailed description is provided in the following pages. These projects are still under investigation to determine if the facilities can be more economically provided by long term contract.

SUMMARY

Activity/Service	Candidate projects (installation, State)
Child care services	None.
Potable and waste water	Tertiary Wastewater Treatment Facility, Fort Dix, NJ; Sewage Treatment Facility, Fort Chaffee, AR; Sewage Treatment Facility, Fort Sill, OK; Water Treatment Facility, Fort Lewis, WA.
Supply/maintenance	Consol. Maintenance Complex, Fort Irwin, CA; Consol. Warehouse Complex, Fort Irwin, CA.
Troop housing	None.
Transient quarters	Unaccompanied Officers Quarters, Fort McClellan, AL.
Other log/admin	Soldier Service Center, Fort Leonard Wood, MO; MI Training Center, Fort Huachuca, AZ; DESCOM HQ, Letterkenny AD, PA; Fixed Laundry, Fort Riley, KS; Consolidated Dining Facility, Fort Riley, KS; Troop Issue Subsistence Activity, Fort Bliss, TX; Troop Issue Subsistence Activity, Fort Benning, GA.

EXTRACT FROM DEPARTMENT OF THE ARMY, FISCAL YEAR 1988 MILITARY CONSTRUCTION JUSTIFICATION BOOK

FAMILY HOUSING AND HOMEOWNERS ASSISTANCE

THIRD PARTY CONTRACTING

Section 2711 (Test of Long-Term Facilities Contracts) of the National Defense Authorization Act for Fiscal Year 1987 amends section 2809(a)(1) of Title 10, U.S. Code. This amended section expands the scope of the activities/services that the Secretary may contract and adds the requirement for the Secretary to identify the candidate projects in the budget proposal submitted to the Congress.

The potential long-term facilities contracts that merit investigation are summarized by category below and are described in more detail in the following pages. These projects are still under investigation to determine if the facilities can be more economically provided by long term contract. Upon determination that a specific project is to be pursued in fiscal year 1987, 1988, or 1989, an additional letter notification will be provided to the Armed Services and Appropriations Committees.

Activity/service	Candidate projects (installation, State)
Child care services	None.
Potable and waste water	Cent. Sew. Tr. Plt., Redstone Ars., AL; Ind. Waste Wat. Plt., Lake City AAP, MO.
Depot supply	Consol. Maint. Complex, Fort Polk, LA; Consol. Supply Fac., Fort Hood, TX; Cent. Distr. Fac., Red River A.D., TX; Self Service Supply Ctr., Fort Hood, TX; Consol. Maint. Fac., Fort Ord, CA; Gen. Purp. Warehouse, Fort Ord, CA; Install Maint. Fac., Fort Bragg, NC; Central Warehouse, Fort Bragg, NC; Med. Warehouse, Walt. Rd. AMC, DC; Multi Purp. Warehouse, Walt. Rd. AMC, DC; Gen. Purp. Warehouse, Fort B. Harrison, IN; Gen. Purp. Warehouse, Fort Dix, NJ.
Troop housing	Troop Barracks, Fort Lee, VA.
Transient quarters	Transient Quarters, Redstone Arsenal, AL; Transient Quarters, Fort B. Harrison, IN.
Other log/admin	Post HQ Bldg, Fort Polk, LA; Admin Bldg. Redstone Ars., AL; HQ Complex, Redstone Arsenal, AL; HQ AMC Bldg., Military Dist. of Wash., DC; Div/Post HQ Fac., Fort Campbell, KY; Range Admin. Bldg., Fort Carson, CO; Parking Structures, Walt Reed AMC, DC; Training Device Admin Ctr., Fort Rucker, AL; Command and Cont. Fac., Fort Monroe, VA; Fixed Laundry, Fort Jackson, SC; Computer Sys. Design Fac., Fort Belvoir, VA; Admin Bldg., Fort Campbell, KY.

Question. Provide for the record the policy for pursuing construction utilizing third-party or alternative financing. Indicate the process which determines whether a project should be funded with regular military construction funds or through an alternative financing approach.

Answer. Proposed military construction projects in areas authorized by the Congress for private sector financing are identified as candidate projects during the military construction program prioritization review. Preliminary economic analyses are performed, and if private sector financing looks favorable, the Congress is notified of the Army's intent to pursue specific projects. Past successes with specific categories of projects, specifically utility plants, also influence project selection. The results of the five Section 2809 test projects will also influence future project selection.

FAMILY HOUSING IMPROVEMENTS

Question. How many family housing units are in the inventory?

Answer. The Army will have 160,920 government units (excluding leased units) at the end of fiscal year 1989.

Question. Explain the process for programming for family housing improvements.

Answer. The Army's Total Obligation Authority (TOA) for each year is established by the Office of Management and Budget and the Department of Defense. Based on a review of its total mission requirements, the Army divides this TOA among the various appropriations and accounts that provide resources. After the TOA for the Army Family Housing Appropriation is established, we determine which requirements will be funded. Our strategy is to take care of our existing inventory before funding investment projects. After funding the Operations and Maintenance costs of our existing inventory, the remaining TOA is used to fund investment projects in the New Construction and Post Acquisition Construction Accounts. The Office of the Chief of Engineers reviews proposed projects submitted by the major Army commands and develops the budget submission for the two investment accounts.

Question. How does your Service family housing improvements program differ from the improvements program of the other Services?

Answer. The Army's improvements program funds the sane types of work as the other Services' programs. The Army's fiscal year 1990 and 1991 programs are smaller because of budgetary constraints and our strategy to take care of the existing inventory before funding all but critical investments.

QUESTIONS SUBMITTED BY SENATOR HARRY REID

HAWTHORNE ARMY AMMUNITION PLANT

Question. Last year you indicated there were no MCA or AFH projects scheduled for Hawthorne AAP from fiscal year 1990 through fiscal year 1994. Why are there no projects scheduled for this important facility? Are projects scheduled for fiscal year 1995?

Answer. Each Army major command (MACOM) reviews proposed military construction projects submitted by its installations and prioritizes them based on total mission requirements and available total obligation authority. Because of the number of high priority projects and the reduced MCA budget, the MACOM was unable to program projects at this important installation for fiscal years 1990 to 1995.

QUESTIONS SUBMITTED BY SENATOR CHARLES E. GRASSLEY

ARMY MILITARY CONSTRUCTION BUDGET

Question. The fiscal year 1990 budget request for Army Military Construction Programs (including Family Housing) represents the lowest amount—in either requests or appropriated amounts for at least the last 8 years.

While I am aware of the overall reductions to the defense accounts, can you explain what within the Army is driving the military construction accounts to the levels we see today?

Answer. The Army has been forced to sacrifice the investment accounts in facilities and modernization to retain force structure needed to meet the threat and execute national defense strategy. The limited funding available for total Army facilities requirements was allocated in accordance with our Facilities Strategy. The strategy is, in priority, to maximize the use of existing facilities to maintain what we own, to meet regulatory and environmental requirements, contain maintenance and repair backlogs, revitalize outdated facilities, and lastly, to build new facilities. Prior to submission of the budget, we made adjustments within the Army to provide more Real Property Maintenance Activities (RPMA) funding. As a result, we were left with less for the Military Construction Programs.

ARMY BUDGET BREAKDOWN

Question. Can you please provide us with a breakdown of the other accounts within the Army budget for the last 5 years plus fiscal year 1990 and fiscal year 1991 which shows the requested amount and the appropriated amount?

Answer. The information requested is provided on the charts below.

TOTAL OBLIGATION AUTHORITY (TOA)

[In thousands of dollars]

Account	Fiscal year 1985 [1]		Fiscal year 1986		Fiscal year 1987	
	Request	Appropriation	Request	Appropriation	Request	Appropriation
MPA	21,172,900	21,437,593	22,712,000	21,003,688	22,655,000	22,526,990
RPA	2,184,300	2,084,100	2,394,400	2,145,194	2,432,000	2,094,210
NGPA	3,075,000	2,926,100	3,430,800	3,056,818	3,485,200	3,017,145
OMA	19,486,518	18,421,544	20,190,600	18,045,707	21,341,900	20,181,625
OMAR	715,450	731,736	779,600	741,875	793,100	782,433
OMNG	1,404,643	1,437,487	1,605,200	1,573,137	1,786,900	1,752,398
NBRP	914	926	900	875	900	4,323
ACFT	4,008,300	3,940,900	3,892,500	3,351,514	3,264,700	2,780,750
MSLS	3,442,400	3,167,000	3,386,700	2,762,020	2,438,200	2,206,800
WTCV	5,092,700	4,548,100	5,739,100	4,455,245	4,452,600	3,804,300
AMMO	2,494,000	2,646,300	2,635,000	2,374,837	2,254,000	2,087,150
OPA	6,022,400	5,122,450	5,712,800	5,018,700	6,169,000	5,118,752
RDTE	4,987,100	4,349,015	5,279,900	4,563,062	5,550,300	4,571,367
MCA	1,900,000	1,593,137	2,020,900	1,524,436	1,695,200	1,264,246
MCNG	88,900	98,603	102,100	97,197	121,100	140,879
MCAR	70,400	69,306	70,700	58,340	86,700	86,753
AFHC	156,800	143,215	354,970	249,149	463,380	379,680
AFHO	1,248,600	1,205,217	1,255,730	1,125,940	1,269,620	1,218,412
ASF	366,448	366,448	442,000	373,743	296,700	110,100
Total Army	77,917,773	74,289,177	82,005,900	72,521,477	80,556,500	74,128,313

[1] Includes supplemental.

TOTAL OBLIGATION AUTHORITY (TOA)

[In thousands of dollars]

Account	Fiscal year 1988			Fiscal year 1989			Fiscal year 1990 request	Fiscal year 1991 request
	Request	Request (ABS)	Appropriation	Request	Request (ABS)	Appropriation		
MPA	23,681,200	23,701,252	23,427,732	23,676,400	24,418,500	24,484,745	24,997,600	25,702,300
RPA	2,278,500	2,262,885	2,239,365	2,363,600	2,260,000	2,261,200	2,261,400	2,378,200
NGPA	3,217,700	3,234,299	3,196,386	3,269,100	3,325,300	3,334,000	3,277,700	3,422,100
OMA	22,120,394	21,130,958	20,853,205	23,679,570	22,085,200	22,083,496	24,262,500	25,551,200
OMAR	879,103	857,540	857,540	958,229	794,900	794,900	867,100	907,600
OMNG	1,862,152	1,856,542	1,856,542	2,055,011	1,797,000	1,801,200	1,873,200	1,904,500
NBRP	4,099	4,099	4,099	4,285	4,300	4,300	4,700	5,600
ACFT	2,473,959	2,718,406	2,718,406	2,229,539	2,791,500	2,883,700	3,267,500	3,377,300
MSLS	2,458,466	2,320,751	2,332,237	2,923,200	2,586,600	2,602,800	2,907,900	3,032,600
WTCV	3,152,537	3,207,187	3,207,187	3,227,762	2,960,600	2,830,921	2,745,000	3,002,100
AMMO	2,194,275	2,273,592	2,273,592	2,194,755	2,007,800	2,012,970	1,735,700	1,542,300
OPA	5,870,860	5,112,707	5,093,549	6,030,274	4,774,000	4,568,011	4,233,800	4,282,400
RDTE	5,511,172	4,670,659	4,687,513	5,972,845	5,030,700	5,130,166	5,603,000	5,873,700
MCA	1,412,700	1,259,996	977,590	1,487,300	1,144,300	927,292	904,800	1,182,600
MCNG	170,400	184,405	184,405	161,100	138,300	229,158	125,000	138,500
MCAR	95,100	95,100	95,100	108,000	79,900	85,958	76,900	61,900
AFHC	457,476	334,544	305,890	455,178	188,178	197,278	55,942	59,330
AFHO	1,278,437	1,279,239	1,256,600	1,419,091	1,339,722	1,330,324	1,412,758	1,594,970
ASF	263,207	193,207	193,207	349,929	321,900	291,900	107,600	251,500
Total Army	79,381,737	76,697,368	75,760,145	82,565,168	78,048,700	77,854,319	80,720,100	84,270,700

PROCUREMENT AND RDTE INITIATIVES

Question. In addition, please highlight any major new procurement and research and development initiatives which would have impact on the budgets.

Answer. The Army has very few major new initiatives in the Procurement and RDTE Appropriations for fiscal year 1990. Some of the larger of these initiatives (over $10 million in fiscal year 1990) are as follows:

[In millions of dollars]

Appropriation/Initiative	Fiscal year 1990	Fiscal year 1991
RDT&E, Army, None over $10M		
Aircraft Procurement, Army, Grisley Hunter	10.0	9.9
Missile Procurement, Army, Non-Line of Sight Msl	32.5	131.2
Procurement of WTCV, Army, None over $10 M		
Procurement of Ammunition, Army:		
Ctg, 105 mm, M913	15.9	21.0
Rkt, Hydra 70 M257	15.6	13.0
Ctg, 25 mm, M919	9.1	28.3
Fuze, Artil, M767	7.5	10.2
Other Procurement, Army:		
Fam Hvy Tac Veh	43.3	236.5
Hvy Eqp Trnsptr Sys	35.0	95.8
Recon System NBC	26.0	36.9
Info Sys—MCA Spt Imagery Processing Sys	[1] 23.3	21.8
Guardfist	14.9	5.6

[1] Previously funded in MCA appropriation.

LIGHT INFANTRY DIVISIONS

Question. One of the biggest construction initiatives in the Army continues to be the facilities to support the light divisions. Please give us a status report, by location, on where we are, where we are going, and how much is left to do to complete this important basing decision.

Answer. The challenge of building facilities in a timely manner to support the activation of our two light divisions is being met. The construction program past, present, and proposed for the future follows:

FORT DRUM CONSTRUCTION STATUS

[In millions of dollars]

Project	Amount	Status
Fiscal year 1985:		
MCA: Rehabilitate Buildings	8.0	Complete.
OMA: Rehabilitate Buildings	19.0	Complete.
AFH: Section 801 Housing—1,400 units	Lease	Complete.
Fiscal year 1986:		
MCA: Infrastructure/Fire Station/Child Development Center	86.0	Complete.
AFH:		
700 Units Family Housing	56.0	Complete.
Section 801 Housing—300 Units	Lease	Complete.
NAF: Commissary/Shopping Center	15.0	Complete.
Fiscal year 1987–89:		
MCA: 10th Mountain Division Facilities	610.0	In Progress.
OMA: Rehabilitate Buildings	5.0	Complete.
AFH:		
1,150 Units Family Housing (Fiscal year 1987)	86.0	In Progress.
100 Units Family Housing (Fiscal year 1989)	10.0	Award fiscal year 1989.
Section 801 Housing—300 Units (Fiscal year 1987)	Lease	In Progress.
NAF: Community Facilities	19.0	In Progress.
MCA: 10th Mountain Division Aviation Facilities	70.6	

FORT DRUM CONSTRUCTION STATUS—Continued

[In millions of dollars]

Project	Amount	Status
NAF:		
Officer's Club	5.8	—
NCO Club	6.5	
Fiscal year 1991:		
MCA: Central Vehicle Wash Facility (PIF)	11.0	
Fiscal year 1992 and later:		
MCA (Subject to Change):		
General Purpose Warehouse/Self Service Supply Center	6.4	
Consolidated Post Support Facility	13.4	
Central Vehicle Wash Facility	8.1	
CS Vehicle Maintenance Facility	8.4	
Child Care Center	3.4	
DOL Transportation Warehouse	2.1	
FE Maintenance Facility	6.5	
Non-TOE Vehicle Maintenance Facility	3.1	
POL Storage Facility	1.1	
Flammable Material Storehouse	.6	
Sports Fields	2.0	
Sidewalks	2.8	
MP Machine Gun Facility	2.6	
Library/Education Center	6.2	
Recreation Center	4.1	
DOC Administration Facility	1.3	
Training Aids Support Center	2.7	
DOL Administration Facility	2.5	
DEH Administration Facility	1.9	
Morale, Welfare, and Recreation Facility	1.6	
Infantry Platoon Battle Course	1.2	
16 Lane ARF Range	1.8	
Range Control Facility	2.6	
AGS/MILES Storehouse	1.3	
Anti-Armor Live Fire	3.2	
MOUT Facility	6.0	
FE Storehouse	4.1	
FE Vehicle Storage Facility	.4	
FE Pipe/Lumber Shed	.4	
CAB Dining Facility	1.6	
Chapel	1.5	
Dams and Pond	2.8	
MP Auditorium/Theater	1.9	
Battle Simulation Facility	3.0	
Total	112.6	

ALASKA CONSTRUCTION STATUS

[In millions of dollars]

Inst/Project	Amount	Status
Fiscal year 1985:		
AFH: FW—Section 801—400 Units	Lease	Complete.
Fiscal year 1986:		
MCA:		
FR—Dining Facility Mod	2.0	Complete.
FR—Operations Building	1.6	Complete.
FW—Barracks Renovation	12.0	Complete.
FW—Steam Line Insulation	2.0	Complete.
FW—Community Impact Planning	.2	Complete.
Total	17.8	

ALASKA CONSTRUCTION STATUS—Continued

[In millions of dollars]

Inst/Project	Amount	Status
NAF: FW—Youth Activities	3.2	Complete.
Fiscal year 1987:		
MCA:		
FW—Child Development Center	5.5	Complete.
FW—Dining Facilities	10.0	Complete.
FW—Barracks Modernization	19.0	Complete.
FW—Tactical Equipment Shop	9.9	Complete.
FW—Community Planning Assist	.2	Complete.
FW—Utility Expansion	27.9	In Progress.
Total	72.5	
AFH:		
FW—Section 801—150 Units	Lease	In Progress.
FW—Section 801—200 Units	Lease	On Hold.
FG—Add 3/4 Bath and Garage	5.7	Awarded.
Total	13.0	
Fiscal year 1988:		
MCA:		
FW—Maintenance Complex	29.0	In Progress.
FW—Communications Facility	2.2	In Progress.
FW—Flight Simulator	3.9	In Progress.
FW—Dining Facility	4.0	In Progress.
FW—Barracks Modernization	15.0	In Progress.
Total	54.1	
AFH:		
FW—59 Units Key and Essential	10.8	In Progress.
FW—Section 801—150 Units	Lease	On Hold.
FW—Add 3/4 Bath and Garage	6.8	Awarded.
Total	17.6	
NAF:		
FW—Exchange	15.5	Complete.
FW—Commissary	14.4	In Progress.
Total	29.9	
Other: FW—Medical/Dental Clinic	9.1	In Progress.
Fiscal year 1989:		
MCA:		
FW—Maintenance Complex	15.0	Award May 1989.
FW—Battalion HQ (2 new/1 addition)	7.6	Award May 1989.
FW—Battalion HQ	2.3	On Hold.[1]
FW—Military Clothing Store	.7	Awarded.
FW—Cold Storage Warehouse Addition	1.9	Award May 1989.
FW—Special Security Office	2.3	Award May 1989.
FR—Tactical Equipment Shop	2.0	Award Apr 1989.
FR—Battalion HQ (2)	4.2	On Hold.
Total	36.0	
NAF:		
FW—Skill Development Center	2.8	Advertise May 1989.
FW—Bowling Center Addition	5.2	Advertise Nov. 1989.
FW—Class VI Store	2.6	Advertise Aug. 1989.
Total	10.6	

ALASKA CONSTRUCTION STATUS—Continued

[In millions of dollars]

Inst/Project	Amount	Status
AFH:		
FW—150 Units	27.0	Award July 1989.
FW—3/4 Baths and Garages	4.7	Advertise May 1989.
Total	31.7	
Fiscal year 1990:		
MCA:		
FW—Physical Fitness Center	14.8	
FR—Communications Facility	3.4	
Total	18.2	
NAF:		
FW—Officer/NCO Club	8.5	
FW—Junior Enlisted Club	1.6	
FW—Golf Course Expansion	2.4	
Total	12.5	
Fiscal year 1991:		
MCA:		
FW—Utilities Expansion	3.7	
FW—Consolidated Fuel Facility	2.4	
FW—Vehicle Maintenance Shop	9.2	
Total	15.3	
NAF:		
FR—Seward Recreation Camp	3.7	
FW—Winter Recreation Area Expansion	3.7	
Total	7.4	
Fiscal year 1992 and later:		
MCA (Subject to Change):		
FW—Battle Simulation Center	9.0	
FG—Training Barracks	7.3	
FW—Record Fire Range	2.4	
FR—Modernize Record Fire Range	1.7	
FW—Road Construction	5.5	
FW—Ammunition Storage	6.1	
FW—Improve Access, YTA	4.5	
FG—MOUT/MAC	8.6	
FR—Ammunition Area A Sec	1.4	
Total	46.5	
NAF:		
FR—Youth Center	3.3	
FW—Arts and Craft Center	3.2	
FR—Ski Area Improved	2.6	
FR—Outdoor Recreation Center	1.4	
Total	10.5	

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[1] Pending cancellation.

Legend: FG—Fort Greely; FR—Fort Richardson; FW—Fort Wainwright.

ARMY MILCON PROGRAM

Question. Do you have a large number of projects designed and waiting to be funded in future programs?

Answer. There are a number of projects at various stages of design which have rolled from fiscal years 1988, 1989, 1990, and 1991 into the out-years due to reductions in the Army's total obligation authority. These projects will be considered when programing and prioritizing future military construction programs.

DEPARTMENT OF THE NAVY

U.S. MARINE CORPS

STATEMENTS OF:

REAR ADM. BENJAMIN F. MONTOYA, CEC, COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND, DEPARTMENT OF THE NAVY

BRIG. GEN. MICHAEL P. DOWNS, DIRECTOR, FACILITIES AND SERVICES DIVISION, DEPUTY CHIEF OF STAFF (INSTALLATIONS AND LOGISTICS), U.S. MARINE CORPS

OPENING REMARKS

Senator SASSER. Next we are going to ask the witnesses from the Department of the Navy to come forward. We are pleased to have with us two officers who are well known to this committee, Rear Adm. Ben Montoya representing the Navy, and Brig. Gen. Michael Downs representing the Marine Corps.

Admiral, we will ask you to proceed first, to be followed by Brigadier General Downs.

Admiral MONTOYA. Good morning, Mr. Chairman, Senator Grassley.

It is again a pleasure to return to testify before your committee. Not only that, but we know spring is right around the corner when these hearings begin and our work of last year that you appropriated is well underway.

Before I get into the details of the numbers in the military construction request for 1990 and 1991, I do want to review just a couple of items. First of all, this is President Reagan's budget which we will be addressing today, and it is my pleasure to represent the Chief of Naval Operations and the Secretary of the Navy before this committee.

The budgets in 1990 and 1991 are smaller than the fiscal year 1989 submission, but this certainly should not be indicative or make you feel that we have a declining need for facilities to accommodate our new missions and keep abreast of our growing backlog of work required to modernize our shore establishment. They do, however, reflect the results of very tough budget decisions.

We have, over the past few years, continued to institute initiatives to make best use of the scarce funds that we do have. One, we have a program to make sure that the funds we get are used for the most essential requirements. We are also making more and more prudent use of the public/private ventures programs to obtain facilities. And then we have instituted some management measures to have cost-effective project execution of the dollars that we do get.

We have instituted in the Navy a program that we call the Shore Facilities Life Extension Program, which has two components. First, our base commanders are required to evaluate their facilities and grant them a category rating of C–1 through C–4, C–4 being the facility in question that has deteriorated to the point where it is not only mission-degraded but mission-incapable, and C–1 being the top of the scale. Second, these facilities are graded. They all fall within 17 investment categories which have been prioritized so that we put our money in those high investment categories and not on those that rank lowest insofar as providing us mission support.

In the past few years, we have been very successful—and we are continuing to be successful—in pursuing some private party venture capital programs. We have had the opportunity to acquire some housing through the 801 lease program. We have a very successful geothermal electricity project at China Lake, CA, which is going to save us $3 million a year in O&M funds at that activity, along with providing some capital for the future as seed money for further energy savings initiatives.

We also have some cogeneration projects that will save us dollars in the purchase of steam and possibly electricity at our activities in San Diego, CA, and Norfolk, VA.

We are also well on our way in the planning process in working with the city of San Diego on a major project we call the broadway complex redevelopment. We plan to convert 16 acres of prime waterfront property owned by the Navy, permit it to be developed by private developers and in exchange for that development, provide the Navy about 1 million square feet in office space at little to very minimal cost as compared to what it would be if we were to purchase with military construction funds or lease off the private sector.

We are also in active negotiation with the State of Hawaii investigating the feasibility of exchanging some landholdings that we have for a causeway to Ford Island. If we are successful there, that will provide us a fine opportunity to expand family housing and other activities on Ford Island, which is right now only accessible by ferry.

In project execution, we are continuing to look for opportunities to package our design and construction of our contracts so that we minimize overhead costs by contractors and also take advantage of the contractors' knowledge, particularly in the design area, so that we can reduce our unit costs in both design and construction. We are using more and more standard designs, and we are site-adapting many of our facilities to new locations to again reduce our design costs.

Last year we had a very, very good year in execution rate, in that 88 percent of our fiscal year 1988 program was executed. We hope to have a similar rate in fiscal year 1989. At this point, I need to pause and thank you for your support in removing the split-year funding constraint that we had on us until last year. What that meant to us is that we were able to award an additional 100 million dollars' worth of projects in the 1988 program that we otherwise could not have awarded because the money would have had to be held in reserve to finish all those projects of that year with that same year dollars.

The military construction submission that we do have before you in fiscal year 1990 is for $1.14 billion, and in 1991 $1.31 billion. We have, however, changed the character of this program from last year. Because of the reduction, we have emphasized the current mission aspect of the budget. In the fiscal year 1989 budget about one-third of that was for current mission as opposed to new mission, and this year the reverse is true.

Two-thirds of our dollars are dedicated to current mission in order to emphasize keeping and maintaining the shore establishment to the levels that are needed to support our fleet and support our people.

The budget itself has, in fiscal year 1990, $358 million devoted to troop housing and community facilities. We have 13 child care centers for $15.8 million at the most critical facilities around the country.

The request contains $84.8 million for strategic homeporting, which includes $30.9 million for the naval station at Staten Island, NY.

Senator SASSER. How much for strategic homeporting, did you say, Admiral?

Admiral MONTOYA. $84.8 million are included in this year's request for strategic homeporting; $30.9 million for Naval Station Staten Island, NY; $33.6 million for the gulf coast; and $20.3 million for Naval Station Everett, WA.

Now this budget does not reflect the Base Realignment and Closures Commission recommendation to close the homeports at Lake Charles, LA, and Galveston, TX.

I have been asked many times, as I travel and speak on the road, whether or not the Navy still has as its goal a 600-ship fleet. A corresponding question, of course, is do we need our home ports. The CNO has stated very recently, "The philosophy behind the establishment of the requirements which led to the goal of the stated 600-ship Navy really has not changed." Therefore, our budget today supports over 570 deployable battle force ships.

As the Navy's facility engineer, being familiar with where we would have to put the ships without these home ports, I urge that we continue on the current schedule upon which we have embarked and complete these home ports as soon as we can.

We have a very modest overseas construction program, in my judgment. We only have two projects in the western Pacific and one of those is a housing project in the Philippines. In Europe, we have two large projects. One is the second phase of the relocation of our facilities from the Agnano crater to the less costly alternative we selected last year at the Capodichino Airport. There is a request for $46.6 million to complete that project. We also have family housing at Iceland.

We have in this request projects for the Naval Academy and Naval Postgraduate School and research and development activities throughout the Navy as we attempt to enhance the facilities in the Navy to provide for the Navy's future and those young people that are coming into the Navy, provide them the required academic and technological backgrounds they need for the very complex future they will face.

Our total family housing request is down 5.1 percent from last year, but it is expected to go up again in fiscal year 1991. We have programmed the construction of 795 new family housing units at three locations in the United States and two in locations overseas.

Mr. Chairman, we have presented you a modest but well-structured budget request. It provides for the orderly completion of new mission investments while at the same time increasing the funding levels supporting our current missions and the revitalization of our aging plant.

We have not neglected the necessary facilities that directly enhance the quality of life of our people or those facilities essential to the future of our Navy. In addition, we have taken positive steps to optimize the management of our facilities to further enhance the base support for our operating forces.

PREPARED STATEMENT

Mr. Chairman, we solicit your favorable support of this request and thank you for your time, sir. I will submit a more detailed statement for the record.

Senator SASSER. Thank you, Admiral. It will be included in the record.

[The statement follows:]

STATEMENT OF REAR ADM. B.F. MONTOYA

Mr. Chairman, I am Rear Admiral B.F. Montoya. Commander of the Naval Facilities Engineering Command. I appreciate the opportunity to represent the Secretary of the Navy and the Chief of Naval Operations in reviewing the Navy's fiscal year 1990-91 budget submission for military construction (Milcon) with you. I would like to clarify before starting that all of the budget figures which I will be covering today are from President Reagan's budget submission. Brigadier General M.P. Downs. United States Marine Corps, will review the Marine Corps portion of the request.

The fiscal year 1990 and 1991 budgets are each smaller than the fiscal year 1989 submission. These reductions should not be construed as being reflective of a declining need for facilities to accommodate new missions and keep abreast of our growing backlog of work required to modernize our shore establishment. They do, however, reflect the results of difficult budget decisions. The keen competition for these limited funds has had the effect of providing a request that includes only the highest priority requirements necessary to ensure fleet readiness and an adequate quality of life for our sailors and marines. Any reductions to the Navy military construction programs would clearly have an adverse effect on our readiness posture and our ability to effectively use and protect our existing assets.

FACILITY MANAGEMENT

As the Navy's facilities engineer, I am deeply concerned over our ability to provide adequate facility support to the operating forces. Based on the reality that, within existing budget limitations, the Milcon funding levels necessary to totally rehabilitate or replace our deteriorating shore facilities are unreachable. We have instituted management programs which will enhance our capability to provide the required base support for our fleet. These programs ensure that (1) scarce funds are used for only the most essential requirements; (2) prudent use is made of public/private ventures to obtain facilities; (3) cost effective project execution is effected.

SELECTING ESSENTIAL REQUIREMENTS

We cannot afford to use our limited military construction and maintenance and repair funding on other than absolutely essential facility requirements. To ensure that we are doing this, we have an active shore base readiness reporting system that categorizes each of our facility assets in accordance with how well the facility meets the mission requirements. The facilities that do not meet, or marginally meet, mission requirements receive priority consideration for funding. This is accomplished through our shore facilities life extension program which places emphasis on facility types critical to mission capability and/or quality of life. With this program, we are able to prudently use our limited Milcon and maintenance and repair funds for only those projects that are required to eliminate the loss of mission capability, mitigate environmental problems, or minimize the adverse effect on the quality of life of our personnel.

PUBLIC/PRIVATE VENTURES

In the past few years we have successfully used the financial and managerial resources in the private sector to construct and operate facilities that would otherwise not have been available. While actively researching the feasibility of expanding our public/private venture program to include additional facility types, we have found that this program is not the panacea for all our facility deficiencies, and has the drawback of committing us to future funding requirements. However, when prudently used, this program provides us certain facilities in a more timely manner at a lower life cycle cost. We have made awards for public/private venture contracts for family housing under the build-to-lease (section 801) program at Norfolk, Virginia; Mayport, Florida; Earle, New Jersey; and Twentynine Palms, California; for an administrative office under the 10 U.S.C. 2809 long term facilities contracts authority at Memphis, Tennessee; and for power plants under 10 U.S.C. 2394 at China Lake, California for geothermal electricity; and San Diego, California; Charleston, South Carolina; and Norfolk, Virginia for steam from co-generation facilities.

Our award of the contract for the administrative headquarters building in Memphis in November 1988 was the first award under 10 U.S.C. 2809. In this "test" contract, private capital is providing us a cost effective headquarters building years in advance of what would be possible with military construction appropriations. Electricity savings to the Navy from the geothermal plant that began operation in December 1988 at China Lake are expected to be $3 million per year with revenues from excess electricity sales of about $1 million expected this fiscal year and increasing to about $3.5 million in fiscal year 1991.

In the near future, we intend to use our family housing 801 authority by awarding additional contracts at Staten Island, New York; Jacksonville, Florida; Northern Virginia; San Francisco, California; Point Mugu, California; San Diego, California; Long Beach, California; and Fallon, Nevada; use our 10 U.S.C. 2809 authority by awarding additional contracts with emphasis being placed on bachelor officer quarters; and award additional power plant contracts at Great Lakes, Illinois and Jacksonville, Florida. In addition, we expect to award our first shared energy savings contracts this fiscal year at Long Beach, California; Great Lakes, Illinois; and San Diego, California.

Finally, in the more unique areas of public/private ventures, we are well along in planning for the broadway complex redevelopment in San Diego, California and the leasing alternatives in the National Capital region. The broadway complex will provide us approximately 1 million square feet of office space as authorized under Public Law 99-661 and the National Capital region lease proposal will provide us approximately 2.5 million square feet of office space as authorized under Public Law 100-456. In addition, we are proceeding with investigating the feasibility of exchanging land holdings for a causeway to Ford Island to be built by the State of Hawaii as noted in the fiscal year 1989 military construction appropriations conference report. Each of these undertakings has the potential of saving considerable amounts of the taxpayers' dollars as well as providing facilities, services, and/or a product in a more timely manner.

All of these public/private ventures have been cooperative endeavors between the Congress and the administration. We look forward to continuing this cooperative effort as an alternative for providing needed facilities in a time of decreasing budgets.

COST-EFFECTIVE PROJECT EXECUTION

To obtain the maximum number of essential facilities within the limited resources available for military construction, we have developed active programs to improve our acquisition process, including more cost effective design/construction contracting methods and improved procedures to ensure timely execution. We are continuing to prudently package design and construction contracts when it is cost effective to do so. In this budget submission, 59 projects are in packaged design contracts. Savings are being realized by having one firm design projects in the same area when projects are functionally interrelated, have repetitive features or involve common facilities that can be site-adapted. In addition we have 30 projects which we plan to include in package construction contracts where savings are expected through the reduction of contractor mobilization, material acquisition and overhead costs. Through prudent use of packaging, we have not jeopardized our use of small businesses. In fiscal year 1988, 69 percent of the $2.5 billion that we awarded for construction contracts was to small business firms. We expect to do equally as well this fiscal year.

Other alternative design/construction contractual methods which we are using more frequently to realize savings include turnkey source selection procedures, performance specifications, and standard designs. A real success story in this area has been in the use of our new family housing one-step turnkey source selection procedures which we initiated in fiscal year 1986. These new procedures emphasize subjective rather than objective evaluation, requiring professional judgments and sound business decisions to obtain the technically acceptable proposal with the lowest overall cost to the government. This procedure has permitted us to reduce the estimated costs for the family housing units in this budget request. We also plan to increase our use of turnkey selection procedures for military construction projects in this budget request. We intend to use one-step turnkey source selection procedures for 5 military construction projects; competitively bid, one-step design/build contracts using performance specifications for 8 projects and competitively bid, two-step design/build contracts for one project. Finally, in the area of standard designs, we continue to realize savings through site-adaptation of standard drawings and designs of previous projects as well as the use of standard floor plans in over 20 percent of our program.

In construction, time means money; therefore, we continue to place emphasis on the need for early execution of our programs. Notwithstanding the increasing number of environmental, legal and design problems inherent in our aging and complex Navy plant, we had a very good execution rate in fiscal year 1988 of 88 percent and expect similar results this fiscal year. We have been able to maintain this execution rate while substantially exceeding targets for small business contracting and staying clear of procurement improprieties. I would like to thank you and your committee for your support in the restoration of split year funding. It has significantly enhanced our financial flexibility in Milcon execution, and I assure you that we have set rigid controls to ensure this authority is not abused. An immediate positive effect was that it allowed us to award over $100 million in contracts in fiscal year 1988 that otherwise would not have been awarded. Finally, to ensure timely completion of designs and therefore early award of our construction projects, we have established a high level task group which has as its basic objective the streamlining of our lengthy architect-engineer selection and design execution process. If our studies indicate that legislative relief is necessary, we will advise the Congress and seek the appropriate legislation. We will continue to pursue this and other initiatives to provide the fleet the most cost effective facilities in a timely manner.

JAPANESE FACILITIES IMPROVEMENT PROGRAM

An increasingly successful avenue by which we have been obtaining essential facilities without using military construction funding is the Japanese facility improvement program (JFIP). Through this program, the Government of Japan has funded approximately $1.1 billion for Navy and Marine Corps facilities during fiscal years 1979 through 1988. The proposed fiscal years 1989 and 1990 programs will provide an additional $500 million. From a facilities support point of view, we see the JFIP as a success story for our people assigned in Japan. Because of this strong support, we have routinely programmed only three of four projects per year that were considered ineligible for JFIP funding.

MILITARY CONSTRUCTION

The fiscal year 1990 and 1991 budget submissions for the Navy and Marine Corps military construction request are $1.14 billion and $1.31 billion, respectively. The requests represent balanced programs providing necessary facilities in support of both our current and new missions. Although the programs are less than last year, we have been able to place increased emphasis on current mission requirements. We have included in this category 67 percent of the fiscal year 1990 military construction projects ($685 million) and 66 percent of the fiscal year 1991 military construction projects ($796 million) while only 36 percent of the fiscal year 1989 military construction projects ($518 million) was for current mission requirements. With this continued emphasis on current missions, we are taking a positive step toward the replacement and modernization of our existing facilities, and thus focusing upon our most pressing problems.

QUALITY OF LIFE

We continue to place emphasis on the quality of life of our people with $358 million of the request being for troop housing and community facilities. Of this amount, $309 million will provide 9,948 new and modernized spaces and mess facilities for our sailors and marines. In the fiscal year 1990 program we are also taking a major step in providing for a critical shortage in adequate child development centers throughout our shore establishment. Thirteen centers for $15.8 million will provide facilities at activities with the most urgent need. I solicit your support for these essential facilities. Finally, although quality of life is usually only related to housing and morale, welfare and recreation type facilities, we continue to believe that the majority of our military construction projects will directly or indirectly improve the quality of life of our personnel in the workplace.

STRATEGIC HOMEPORTING

The Navy has made significant progress in executing its strategic homeporting program, and this biennial budget requests funding consistent with previous congressional direction and current fleet requirements. Our fiscal year 1990 request totals $84.8 million and includes $30.9 million for Naval Station Staten Island, New York; $33.6 million for the gulf coast; and $20.3 million for Naval Station Everett, Washington. Additionally, the defense budget includes $7.7 million for clinics at the gulf coast homeports of Pascagoula, Mississippi; Mobile, Alabama; and Ingleside, Texas. Our fiscal year 1991 request totals $31.5 million and includes $22.2 million for Everett and $9.3 million for Long Beach, California. Also, our fiscal year 1991 housing budget includes $19.6 million for 150 units of family housing for Staten Island.

Strategic homeporting funding through fiscal year 1989 totals $548.3 million with an additional $40.4 million approved for family housing at Staten Island. Our budget request, including the gulf coast clinics, raises this total to $672.2 million through fiscal year 1991, plus housing construction of $60 million. This budget does not reflect the Base Realignment and Closure Commission's recommendation to close the new homeports at Lake Charles, Louisiana and Galveston, Texas. Nor does it address the fiscal year 1989 congressional decision to authorize, but not appropriate, $8.2 million for Pascagoula projects. In every other case, our request reflects minimum funding required to support cost effective execution plans, and should be fully supported to avoid construction cost increases and operational impacts that would accompany delayed activation of the new homeports.

At Staten Island, dredging is finished and pier construction is over 80 percent complete. A shore intermediate maintenance activity is nearing the midpoint of construction, while the BEQ and mess hall are almost 20 percent complete. Construction has begun on a utility plant, and 400 units of family housing are scheduled to be completed by summer of 1990. Our fiscal year 1990 request includes $17 million to fund prior year cuts in utility and site improvements, and needs to be fully supported this year to complete and activate the new homeport on schedule.

Our fiscal year 1990 request includes the final increment of funding for the gulf coast homeports, with the exception of the $8.2 million underfunding problem at Pascagoula that I previously mentioned. Construction is proceeding on schedule at Mobile, Pascagoula and Ingleside, and dredging and wharf renovation will commence this spring at Pensacola, Florida. In view of the Base Closure Commission's recommendation, we are discussing closure plans with the affected communities of Lake Charles and Galveston taking steps to terminate active construction contracts, and reviewing plans for Ingleside.

At Everett, I am pleased to report that we have concluded a landmark settlement agreement with the environmental groups which have previously opposed our dredge disposal plans in Federal and State court. We have modified our dredging and construction plans to conform to the court approved settlement agreement, and plan to award a contract for dredging and carrier pier construction this summer. The new, agreed upon plan does not increase overall construction cost, and supports activation of the carrier pier in 1992, consistent with operational requirements. Our fiscal year 1990 request provides the final increment of funds for the previously negotiated multi-year land purchase, and funds critical utility systems necessary to complete the carrier pier. Our fiscal year 1991 budget includes funding for the highest priority vertical facilities required to support the carrier. These requests reflect our current construction and operational schedules, and full funding is necessary to avoid any additional delays in activation of the homeport. Despite its troubled past, Everett may ultimately be viewed as an environmental success story—a story in which national security and environmental protection goals could both be realized through understanding, cooperation, and technological advancement. With the cooperation of officials of the State of Washington Department of Ecology and the Sierra Club, we were able to develop a workable approach that balanced tough environmental controls with the strategic necessity to construct a homeport for a carrier battlegroup.

Our fiscal year 1990 budget does not include construction funding for a west coast battleship surface action group (BBSAG). Our fiscal year 1991 budget does include funding for previously deferred homeporting projects at Long Beach. Planning required to implement the Base Closure Commission's recommendation regarding Hunters Point is currently underway, and construction required for the BBSAG will be addressed in conjunction with other base closure requirements.

When asked if the Navy still requires 600 ships to meet its worldwide commitments, the Chief of Naval Operations recently responded by stating that, "the philosophy behind the establishment of the requirements which led to the goal of the stated 600-ship Navy really has not changed." In other statements, he has pointed out that we are still on track to achieve the 15 deployable carrier battle groups and that we have commissioned *Wisconsin* (BB64), the last of the four in battleships. Our budget request supports over 570 deployable battle force ships. As the Navy's facility engineer, I would like to emphasize that we must complete the strategic homeporting program on schedule to adequately berth and properly support these modern, highly capable battle force ships and the dedicated, professional crews that man them. As I stated last year, the strategic homeporting program directly addresses essential support requirements for our battleships and carriers and their supporting battlegroups. Delays in reaching the goal of 600 ships and other related adjustments in force structure do not alter our Nation's role and responsibility as a maritime power and its undiminished need to strengthen its maritime infrastructure. With this in mind, I once again solicit your full support for homeporting construction included in this budget.

NAPLES RELOCATION

Next, I would like to update you on the status of our relocation from the leased buildings in Naples, Italy. Last year, the Congress approved our less costly alternative of relocating to the Capodichino Airport site those functions being carried out in the high rise buildings most endangered by the seismic threat in Agnano. The first increment of funding in the amount of $21.6 million was appropriated for a BEQ, parking garage, fire station, security building, utilities and site improvements. The $46.6 million in the fiscal year 1990 budget request will complete the Navy's funding for the Capodichino alternative, providing a command, control, communications and intelligence building; administration building; Marine Corps support facility; parking garage; pass and identification facilities; utilities and roads. The remaining facility to be relocated under the Capodichino alternative, the hospital, is expected to be requested in a subsequent budget in the defense agencies' program.

Complementing the relocation to Capodichino, we are preparing a development plan to acquire, through long-term leases, community facilities at a support site complex. This support facility would contain the replacement facilities for the Agnano compound that are in low rise buildings that are less susceptible to earthquake damage and will not be relocated to the Capodichino Airport. I request your continued support of the vital relocation to Capodichino by approving the fiscal year 1990 request for $46.6 million.

NAVY'S FUTURE

If we are to adequately prepare the best and brightest for their demanding roles in our increasingly complex Navy, we must provide them an academic and technological environment compatible with our sister services and the leading public and private institutions. We have therefore included in our request projects at the Naval Academy, Annapolis, Maryland; Naval Postgraduate School, Monterey, California; and research and development activities throughout the country that will enhance academic and technological excellence essential to the future of the Navy.

First, at the U.S. Naval Academy, we are requesting $48 million in authorization in fiscal year 1990 and $24 million in appropriations in both fiscal year 1990 and 1991 to provide additional dormitory rooms that will accommodate 924 midshipmen. This expansion to Bancroft Hall will alleviate a severe overcrowding situation which threatens to impede the high level of academic excellence necessary for tomorrow's leaders of our Navy. The deficiency in space has been increasing for the past 20 years and has reached a level where immediate corrective action is necessary.

Similarly, our deficiencies in academic spaces at our Naval Postgraduate School at Monterey, California have been growing for the past 20 years without corrective action. They too have reached a level where immediate relief is essential if we are to provide the high level of technical and professional instruction necessary to meet the needs of the Navy. We have therefore requested $16.7 million in fiscal year 1990 to provide for the two most urgent requirements and $16.1 million in fiscal year 1991 for five less urgent but essential facilities.

Finally, supporting the future of our complex ships and weapons systems essential to our continued maritime superiority, we have requested $78.7 million in fiscal year 1990 and $99.6 million in fiscal year 1991 for 28 projects supporting research and development efforts. Your support of these projects will ensure that the Navy of the future will be ready and able to carry out its mission in our complex and sophisticated world.

FAMILY HOUSING

Finally, I would like to discuss our family housing program. Our total fiscal year 1990 request is $758.3 million and fiscal year 1991 is $877.1 million. The fiscal year 1990 program is a 5.1 percent reduction from the $799.2 appropriated in fiscal year 1989. The fiscal year 1991 program is a 9.7 percent increase from the fiscal year 1989 appropriation.

The fiscal year 1990 new construction program provides for 795 new units at three locations within the United States and two locations overseas. It also provides for essential support facilities at three locations. In fiscal year 1991 we have increased our new construction funding to continue our programming goal of eliminating the family housing deficit. The fiscal year 1991 program of $149.2 million allows for the construction of 1,228 units at four locations in the United States and two overseas locations. Support facilities for four locations are also included. The locations selected for new construction in both fiscal years are those areas where housing in the local community is simply not available, insufficient or unaffordable even with the variable housing allowance.

Although we are continuing our long term plan to eliminate the family housing deficit, the fiscal year 1990 program places primary emphasis on the repair program. With the backlog of maintenance continuing to grow, we made a deliberate decision to take care of our current inventory and increase the funding for our major maintenance/repair program from $241.9 million in fiscal year 1989 to $304.7 million in fiscal year 1990. Our fiscal year 1991 maintenance program of $314.0 is a stabilized program, allowing only for inflation. Funding this level of effort will reduce the Navy's backlog from the current $719 million to about $128 million by the year 2000.

We have included $42.1 million and $46 million for fiscal years 1990 and 1991, respectively, for the improvements program to provide our Navy and Marine Corps families with places to live that compare favorably with those found in the local communities. This program is stable and allows only for inflation.

The operations and utilities accounts are $284.1 million in fiscal year 1990 and $300 million in fiscal year 1991. These accounts are also stabilized, allowing for only inflation and new units coming on line and provide the fixed funding required to operate our family housing units.

Reductions to any family housing account will severely delay our efforts to provide suitable living quarters for our military families.

CONCLUSION

Mr. Chairman, we have presented you a modest but well structured budget request. It provides for the orderly completion of new mission investments such as those in support of the Trident submarine at Kings Bay, Georgia; strategic homeporting and relocatable over-the-horizon radar while increasing the funding levels supporting our current missions and the revitalization of our aging plant. We have not neglected the necessary facilities that directly enhance the quality of life of our people or those facilities essential to the future of our Navy. In addition, we have taken positive steps to optimize the management of our facilities to further enhance the base support for our operating forces. Mr. Chairman, we solicit your favorable support of the request.

BIOGRAPHY OF REAR ADM. BENJAMIN F. MONTOYA

Rear Admiral Benjamin F. Montoya, CEC, USN, assumed duty as Commander, Naval Facilities Engineering Command, and Chief of Civil Engineers during change of command ceremonies on August 14, 1987. He moved into his new assignment from duty as the Director, Shore Activities Division, Office of Deputy Chief of Naval Operations (Logistics).

Rear Admiral Montoya was graduated from the U.S. Naval Academy and commissioned an Ensign in the Civil Engineer Corps, U.S. Navy, in 1958. His first duty was as shops engineer at Naval Air Station, Miramar, Calif. Rear Admiral Montoya then attended Rensselaer Polytechnic Institute in Troy, N.Y., where he received a bachelor of science degree in civil engineering in 1960.

Following graduation from Rensselaer, Rear Admiral Montoya spent the next 7 years in California. He was first assigned to the Naval Shipyard, Long Beach, Calif., as assistant resident officer in charge of construction. From there, he was assigned three tours in Port Hueneme, first to the public works department as shops engineer and ultimately as public works officer, then to Naval Mobile Construction Battalion THREE, and finally to the 31st Naval Construction Regiment, as Chief Staff Officer.

Rear Admiral Montoya spent the next year at the Georgia Institute of Technology in Atlanta, Ga., where he received a master's degree in sanitary engineering in 1968.

Duty as public works officer, Naval Station, San Juan, Puerto Rico, followed. After 2 years on the island, he returned to the west coast to serve as environmental officer at the Naval Facilities Engineering Command, Western Division, San Bruno, Calif.

In 1974, Rear Admiral Montoya moved to the east coast to serve as Director, Environmental Quality Division, Naval Facilities Engineering Command, Alexandria, Va., and then as Director, Environmental Protection and Occupational Safety and Health Division on the staff of the Chief of Naval Operations, Washington, D.C.

Rear Admiral Montoya returned to the west coast in August 1981 as Commanding Officer of the Navy Public Works Center, San Diego, Calif. He became Commander, Western Division, Naval Facilities Engineering Command, in June 1984 and was selected to the rank of commodore the following November. In 1986, he became Director, Shore Activities Division, Office of Deputy Chief of Naval Operations (Logistics). He held that position when selected to the rank of Rear Admiral (upper half) in March 1987.

His awards include the Legion of Merit, Bronze Star Medal with Combat "V," Meritorious Service Medal, Navy Commendation Medal and the Navy Achievement Medal.

Rear Admiral Montoya also received a juris doctor degree at Georgetown University Law Center in Washington, D.C., in May 1980 and was admitted to the District of Columbia Bar in June 1981. He is a registered professional engineer in the State of Georgia.

A native of Indio, Calif., Rear Admiral Montoya is married to the former Virginia Cox, also of Indio, Calif. They have seven children: Benjamin, Christopher, Patrick, Michael, David, Teresa and Natasha.

STATEMENT OF BRIG. GEN. MICHAEL P. DOWNS

Senator **SASSER**. We will turn now to General Downs.

General **DOWNS**. Thank you for this opportunity to appear before you this morning to present the Marine Corps fiscal years 1990 and 1991 military construction and family housing programs.

Unfortunately, this year we are unable to sustain our trend of increasing funding for our Milcon and family housing programs. This decrease should not be construed, however, as a lack of understanding on our part as to the relationship of these programs to readiness, nor is it a weakening of our commitment to replace and upgrade our physical plant.

Rather, it can be principally attributed to downward pressures on the Marine Corps budget brought about by significant general budget reductions. We plan to halt this decline in fiscal year 1992 and to resume the upward trend.

PREPARED STATEMENT

Despite its size, the Marine Corps military construction and family housing programs do provide a balanced program which we believe represents what is most essential to enable us to attract and retain quality Marines and maintain a high level of operational readiness and warfighting capability. We ask your favorable consideration of our request, and I would be most happy to answer any of your questions.

[The statement follows:]

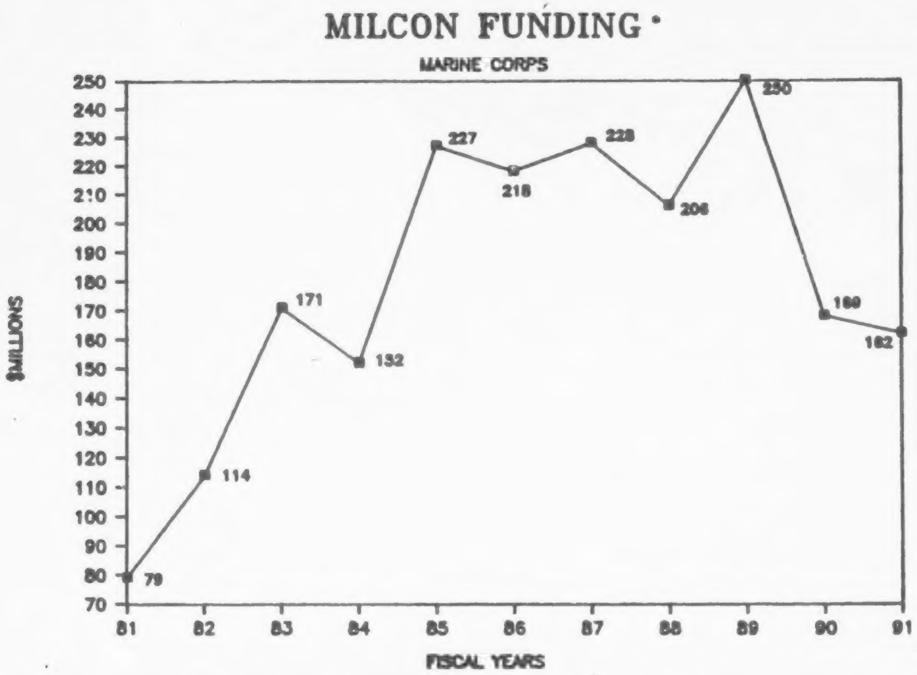
STATEMENT OF BRIG. GEN. MICHAEL P. DOWNS

I am Brigadier General Michael P. Downs, Director, Facilities and Services Division, Installations and Logistics Department, Headquarters Marine Corps. Once again, I appreciate the opportunity to appear before you to present the Marine Corps military construction program for fiscal years 1990 and 1991. Our military construction request for fiscal years 1990 and 1991 of $169 million and $162 million respectively, provides the projects needed to respond to the Marine Corps highest priorities of improving readiness and sustainability of our forces. The request continues efforts initiated in prior years for both new and existing missions with emphasis being placed on providing facilities that promote personnel and materiel readiness, enhance productivity, improve morale and welfare and provide quality of life improvements necessary to attract and retain dedicated men and women for the Marine Corps. With your support, we have made significant improvements. I would, however, be remiss if I failed to point out that we are a long way from achieving our ultimate goal—excellent facilities to support all our mission requirements.

Your past support for our program has been superb and we are most grateful. It reflects a keen appreciation of the relationship between excellent facilities and warfighting capability. Modern adequate facilities have contributed significantly to improved mission capability, productivity, readiness and sustainability and have had a visible impact on morale and retention.

A year ago I was very pleased to report to you that the Marine Corps was once again increasing the percentage of our funds dedicated to military construction. Chart 1 reflects our program since 1982 when the Marine Corps assumed resource sponsorship for military construction.

CHART 1

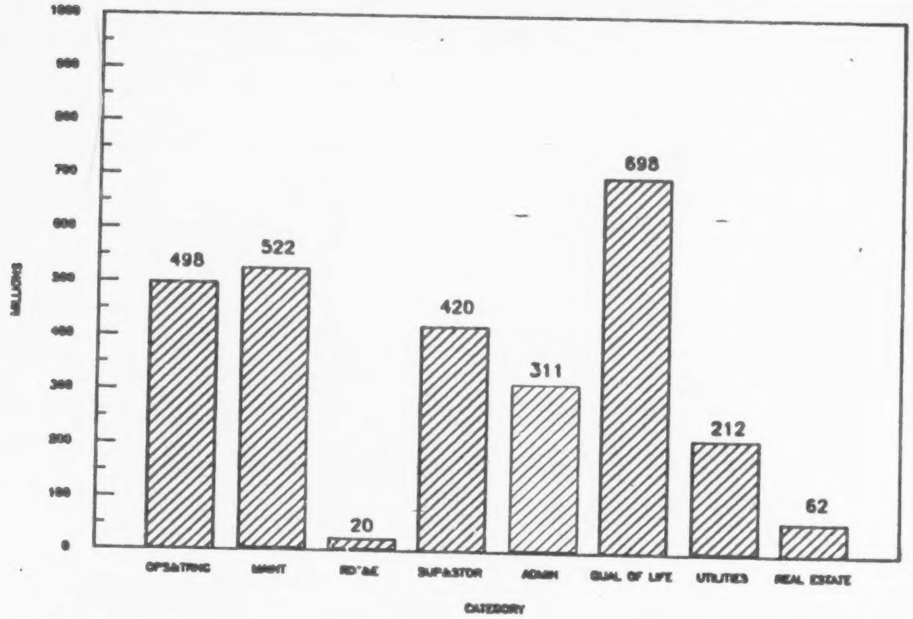


Unfortunately, this year that upward trend cannot continue. Our fiscal year 1990 military construction request is 32.4 percent less than the request submitted and approved for fiscal year 1989 and our fiscal year 1991 request decreases another 4.1 percent. However, this decrease should not be construed as a weakening of our commitment to replace and upgrade our physical plant, but rather can be principally attributed to the downward pressures on the Marine Corps budget brought about by general budget reductions. We plan to halt this decline in fiscal year 1992 and resume an upward trend. As a result of current budget constraints, better addressal of our $2.8 billion facilities backlog, reflected on chart 2, must wait for better times.

CHART 2

MILCON DEFICIENCY

TOTAL (INCLUDES P&D) = $2.8 BILLION

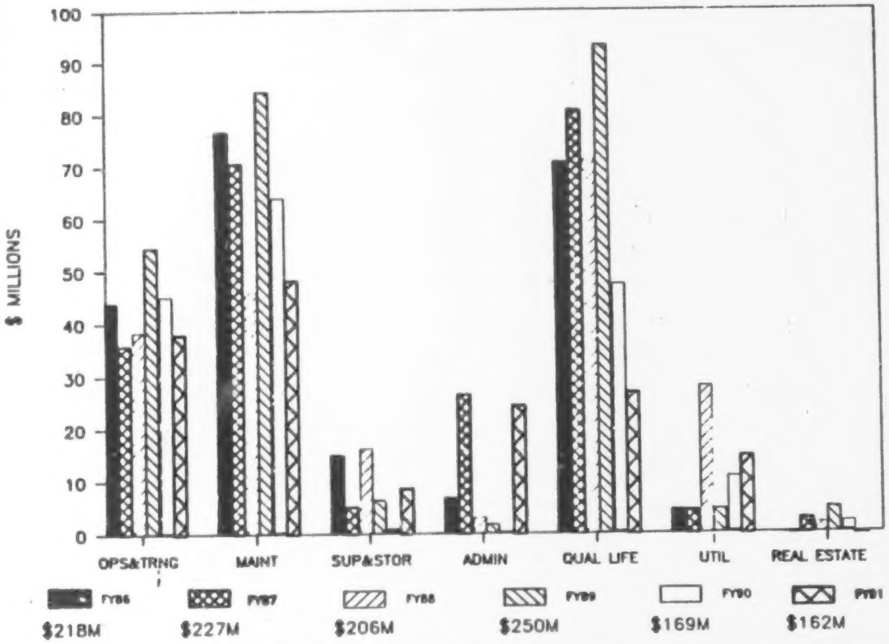


Despite its size, the Marine Corps military construction program continues to be an integral element of our combined arms forces modernization and the Marine Corps remains committed to providing the excellent facilities needed to meet all our requirements.

The Marine Corps construction requests over the past few years have provided balanced programs that have been applied against needed facility improvements in operations and training, maintenance, supply and storage, administration, quality of life, and utility system upgrades as shown on chart 3.

CHART 3

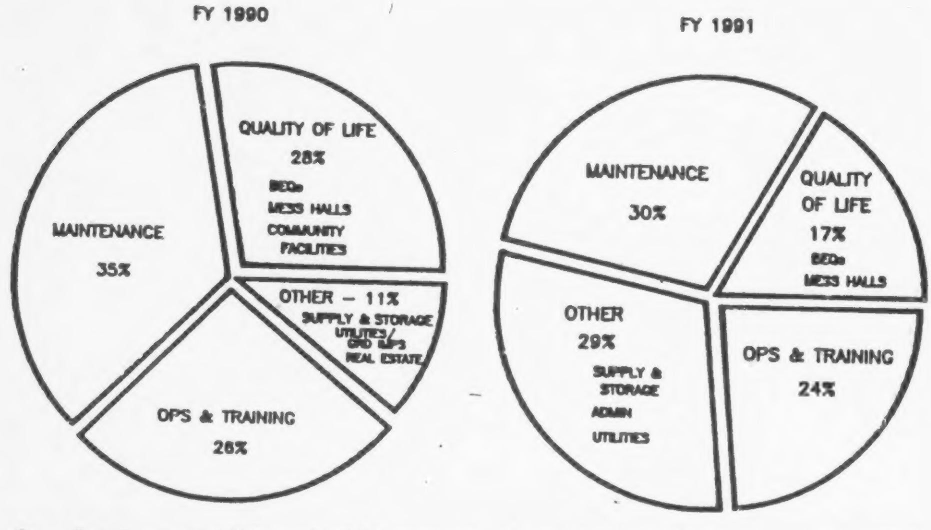
MILCON PROGRAM



In fiscal years 1990 and 1991, military construction resources continue to be allocated to support the procurement of new weapons systems and equipment which was begun in the early 1980's; to properly house our enlisted marines; and to replace those aging facilities which are beyond prudent economic repair. This balanced program is consistent with our past management strategy and is in response to the Marine Corps' most urgent needs, as reflected on chart 4.

CHART 4

MARINE CORPS MILITARY CONSTRUCTION (MILCON) DISTRIBUTION



Our fiscal years 1990 and 1991 requests place less emphasis on quality-of-life projects by necessity. The Marine Corps has dedicated 37 percent of its military construction budget ($616 million) in fiscal years 1980 to 1989 for the construction of 38,253 bachelor enlisted quarters (BEQ) spaces, which has gone a long way toward reducing our deficit. Our fiscal year 1990 request includes $37.6 million for BEQ projects at two Marine Corps activities providing modern living spaces for 1,630 enlisted marines, and $7.9 million for a messhall and a messhall addition. In fiscal year 1991, $20.1 million is requested for 834 living spaces, and $7 million for a messhall and a much needed clothing issue facility for one of our recruit depots. Also included in our fiscal year 1990 request is $1.5 million for two child development centers. All these projects are an indispensable investment in the future and they represent, in a tangible way, our continued commitment to improve the quality of life for our marines and their families. Our proposed programs will also address our most urgent operational requirements and will help us to maintain both personnel and materiel readiness.

The introduction of new weapons systems requires support facilities to efficiently maintain and conserve these assets. Our fiscal year 1990 and 1991 requests continue to provide this support. Our 1990 request includes $58.7 million for maintenance facilities, which comprises the largest portion of our construction program and consists of 12 projects at nine Marine Corps activities. Our 1991 request includes seven maintenance related projects totaling $51.3 million at seven Marine Corps activities.

The aviation readiness projects for fiscal years 1990 and 1991 include: maintenance hangar modifications; hangar additions; a hangar conversion; a weight handling equipment shop; an aviation armament shop; and power check pads in support of the F/A-18 and AV-8B.

Maintenance facilities are also requested to support units at our major ground bases including three depot-level maintenance and test facilities, four communications—electronic maintenance facilities, two tactical vehicle maintenance shops, as well as four other maintenance complexes.

Our 1990 and 1991 requests again emphasize our commitment to improving the operational and training environment for our marines. We are requesting $83.1 million for the construction of operational and training projects at 12 Marine Corps activities. These projects, essential to our training and readiness, will provide facilities such as: flight simulator facilities, tactical support van pads, training range improvements, training and instruction facilities, a special compartmented information facility, weapons assembly and aircraft parking areas.

Last, included is a request for $58.8 million which will provide: warehouses, and a tactical computer support facility that will ensure that the material provided the Marine Corps is properly stored, maintained, and available when needed; flight line and physical security improvements; waste and water treatment facilities; water storage development; land acquisition; and administrative facilities that are associated with operations training and computer support facilities. Many of these projects are considered not very glamorous, but very essential in supporting the base infrastructure.

MARINE CORPS RESERVES

Beginning with the fiscal year 1990 and 1991 program, the Marine Corps has assumed budgeting responsibility for its own Reserve facilities and will contribute a portion of its total obligation authority (TOA) to the military construction, Naval Reserve (MCNR) program for the construction of Marine Corps exclusive use projects. Our purpose for becoming our own resource sponsor is to increase the total amount of money in the MCNR program applied to Marine projects and to gain control of our portion of the program. Funding of Marine exclusive projects has varied widely over the past years. Becoming our own resource sponsor enables the Marine Corps to more fully address our Reserve military construction needs, and hopefully, will lead to increased and stable funding levels. The fiscal year 1990 program will fund seven projects totaling $9.7 million (19 percent of the major construction portion of the MCNR program), which support both new and existing missions. While there is but one project in fiscal year 1991 for $8.1 million (15 percent of the MCNR program), this is a high cost urgent requirement to provide an essential hangar for a newly activated Reserve AH-1J squadron at MCAS Camp Pendleton, California. The Marine Corps' portion of the MCNR backlog is $94.08 million which is 9 percent of the total MCNR backlog of $1.14 billion.

FAMILY HOUSING

In recent years, the Marine Corps has made steady progress in improving the quantity and quality of our family housing assets. However, the same fiscal constraints that affect the military construction program have also affected family housing. The construction portion of the fiscal year 1990 family housing budget is a significant decrease from fiscal year 1989. The housing deficiency is 5,031 units; all of which is located in southern California. The Marine Corps fiscal year 1990 and 1991 family housing program is $121.3 million and $125.5 million respectively.

In each fiscal year, we propose to construct 112 family housing units at a cost of $22 million with all 224 units to be located at Camp Pendleton, California. The fiscal year 1990 family housing improvements program requires $4.8 million, operations and maintenance costs are estimated at $104.8 million and $1 million is needed for costs associated with section 801 leased housing at MCAGCC, Twenty-Nine Palms, California. In fiscal year 1991 the last of the 200 leased units will be brought on line which will increase our annual lease cost to $2 million. During fiscal year 1991 the family housing improvements program requires $3.95 million and operations and maintenance costs are estimated at $107.3 million.

SUMMARY

Mr. Chairman, in summary, permit me to emphasize again our appreciation for this committee's continued support. The military construction programs for fiscal years 1990 and 1991 represent the Marine Corps assessment of requirements and relative priorities needed to best carry out mission responsibilities. Our program is the result of a careful, well reasoned, and thorough decision process based on our best judgment and operational experience. It places high priority on readiness and sustainability of our forces, ensures timely support for fielding new weapons systems, and continues our commitment to improve the quality-of-life of our marines and their families while being consistent with fiscal realities. Our request provides a balanced program, which we believe represents what is essential to support Marine Corps missions and that is responsive to the guidance of the Congress.

Approval of this request will continue the efforts of the Congress and the Marine Corps to provide modernized facilities enabling us to attract and retain quality marines and maintain a high level of operational readiness and warfighting capability. We urge your favorable consideration of our fiscal year 1990 and 1991 military construction requests.

Sir, this concludes my statement. I will be most happy to provide any further information you may need, and to answer any questions which you may have.

BIOGRAPHY OF BRIG. GEN. MICHAEL P. DOWNS

Brigadier General Michael P. Downs is currently serving as the Director, Facilities and Services Division, Installations and Logistics Department, Headquarters Marine Corps, Washington, DC.

General Downs was born on February 8, 1940 in Oak Bluffs, Massachusetts. He received a B.S. degree in Education from Holy Cross College in 1961, and holds a master's degree in Education from the University of Southern California (1982). He entered the Marine Corps via the NROTC contract program, and was commissioned a second lieutenant in June 1961.

After completing The Basic School, Quantico, Va., in April 1962, General Downs was assigned to a transplacement battalion, where he served as a rifle and weapons platoon commander, a rifle company executive officer and commanding officer, and as an infantry battalion assistant operations officer in the Far East and at Camp Pendleton, Calif.

Ordered to Vietnam in September 1967, he was assigned as Commanding Officer of Company F, 2d Battalion, 5th Marines. For his combat service during Operation Hue City in February 1968, he earned the Silver Star Medal. He served as Assistant Operations Officer, 5th Marines and as Operations Officer of the 3d Battalion, 5th Marines from May until October 1968. In a subsequent overseas Fleet Marine Force tour, General Downs served as Executive Officer, 1st Battalion, 9th Marines, 3d Marine Division from July 1975 until February 1976.

Non-FMF tours of duty include: Marine Barracks, Yorktown, Va.; the Development Center and The Basic School, Quantico, Va.; Marine Barracks, Washington, D.C.; Headquarters Marine Corps, Washington, D.C., where he served as Administrative Assistant, Operations and Training Department, then Ground Lieutenant Colonel Monitor; Plans Officer, Headquarters, Allied Forces Central Europe, Brunssum, the Netherlands; and Director, Operations and Training, Marine Corps Air Ground Combat Center, Twentynine Palms, Calif.

General Downs commanded the 27th Marines, 7th Marine Amphibious Brigade, Marine Corps Air Ground Combat Center, Twentynine Palms, Calif., from March 1984 to June 1986. In July 1986, he was assigned as the Deputy for Marine Corps Matters, Office of Program Appraisal, Department of the Navy, Washington, D.C. While serving in this capacity, he was selected for promotion to brigadier general in December 1986. he assumed his current assignment on March 13, 1987. General Downs was advanced to his present grade on May 22, 1987.

In addition to The Basic School, General Downs has completed the Amphibious Warfare School, U.S. Army Command and General Staff College; and the National War College.

His previous promotions were: first lieutenant, December 1962; captain, September 1965; major, November 1968; lieutenant colonel, November 1977; and colonel, November-1982.

His personal decorations and unit awards include: the Silver Star Medal; Purple Heart, the Defense Meritorious Service Medal; Combat Action Ribbon; Presidential Unit Citation with one bronze star; the Meritorious Unit Commendation with two bronze stars; and the Vietnamese Cross of Gallantry with palm.

Brigadier General Downs is married to the former Martha Leigh Puller. They have two sons, Mike Jr., and Burwell.

MARINE CORPS PROGRAM

Senator **SASSER**. Thank you, General Downs.

Admiral, does the Navy determine the amounts that will be provided to the Marine Corps for military construction?

Admiral **MONTOYA**. We have long operated on a percentage. It may vary one or two each year, but basically it has remained the same over a long period of time, Senator Sasser.

Senator **SASSER**. Well, I ask that question because the budget indicates that the Marine Corps is down 40 percent and the Navy is down just 25 percent. I would not think the Navy would want to be tight with the Marine Corps; that would be out of character for that to occur.

It has always been my experience, I might say, that the Marine Corps is behind in its facilities and I think needs more than a 40-percent cut. Do you have any reaction to that, either one of you?

Admiral **Montoya**. My initial reaction, Senator Sasser, is that they make their own determination ultimately after the top lines have been set.

General **Downs**. Yes, sir; I would have to say, Senator Sasser, that the significant cut in the Marine Corps military construction program for 1990 is certainly a Marine Corps responsibility. It results principally from the fact that when 1990 was an out-year program it was a rather substantial one, and decisions were made to put programs into the overall Marine FYDP. When the substantial reductions were made, starting in the December 1987 budget summit, there was little flexibility in the kinds of programs from which the Marine Corps could take cuts.

This is very much affected by the fact that we are a manpower-intensive organization. Better than 60 percent of the Marine Corps budget is manpower related. I think the closest service to us in that regard is the Army, with somewhere in the vicinity of 35 or 37 percent.

There were many weapons decisions made when fiscal year 1990 was an out-year that are in multiyear buys and from a business sense could not be impacted when we went through budget reductions. Military construction and the O&M account were those accounts that were most perceived to be readily available to take cuts.

It was a decision that was not made easily, but it was necessary in order for us to meet the total budget line, sir.

Senator **Sasser**. So in essence, if I understand you, General Downs, what has occurred is that funds were taken out of military construction and operations and maintenance and the readiness accounts and used for procurement; is that right?

General **Downs**. I think that you would see that our procurement account went down as well, Senator. The total reductions that were made to the Marine Corps came out of procurement, operations and maintenance, and military construction, with some additions to the procurement account in the M-1 tank line, which were decisions made from the Department of Defense based on economics of that particular procurement, sir, DOD-wide.

Senator **Sasser**. I thought I understood you to say that funds had been taken out of Milcon or Milcon had been phased down.

General **Downs**. Yes, sir; if I did not state that, that is true. The Milcon, O&M and other procurement were the areas that took cuts in order to make the general budget reductions, together with a substantial increase in the M-1 tank buy directed by the Department of Defense.

Senator **Sasser**. So what was happening is the increased weapons purchase was reflected primarily in M-1 tanks?

General **Downs**. Yes, sir.

Senator **Sasser**. It is sort of interesting to see the Army move in the direction of light infantry and on the other side we see the Marine Corps perhaps moving in the direction of heavying itself up a little bit.

General DOWNS. I do not think that we are. We are at that stage in our tank structure where we have the M-60 tank and it is about at the end of its life, particularly when you compare its capabilities to the threat, and the only replacement tank for that in the U.S. arsenal is the M-1. The buy for the M-1 would be less than the numbers we had for M-60, but giving a greater capability.

So it is a matter of modernization of the old system we have; it is not in addition to what we have, sir.

Senator SASSER. Admiral, you have heard me discuss this issue on many occasions. In fact, I think you just heard me discuss it with the Army a moment ago. I am concerned about the relative priority which the Navy has placed on overseas construction versus construction here at home, although I must say there is more justification, I think, for Navy construction abroad than perhaps Army construction.

But in this budget before us the amounts for Europe, for instance, have been increased more than 100 percent, while projects inside the United States have been reduced by one-third. Now knowing the clearly expressed views of the subcommittee on this subject, how does the Navy justify making such an unbalanced request here this morning?

Admiral MONTOYA. Well, sir, as I mentioned, in the western Pacific we have a very high priority project, which is our housing project in the Philippines. That is certainly associated with the fact that our people really have very few options as to where to live.

Swinging over to Europe, the same thing holds true in Iceland. Either they live on base or they do not come with their dependents at all—that makes for a very, very difficult situation over there.

The other major piece of our program has to do with the second phase of the request to relocate our facilities out of the crater in Agnano. Given those two projects, I think our request is very small and somewhat similar to previous years.

We really could not turn our back on those two major projects in Europe to comply with what has been very clear to me, certainly, in working with this committee's desire and intent in that area, sir. Those are just too high priority to turn our back on.

Senator SASSER. Admiral, as you go through your budget and prepare a new budget in conformance with the Bush administration budget request, I hope that you will keep our idea of spending more at home and less overseas uppermost in your mind.

Let me turn now to Senator Grassley for any questions that he might have.

Senator GRASSLEY. I would like to have, first of all, a justification for the $24 million for Bancroft Hall at the Naval Academy.

Admiral MONTOYA. Would you like that for the record or now, sir?

Senator GRASSLEY. Well, I would like to have a little bit now, but I want a broader justification for the record.

Admiral MONTOYA. Yes, sir, and there is much to provide. But very briefly, Bancroft Hall at the Naval Academy was constructed to its current size in the early 1960's, and since then the Naval Academy has grown further. About 900 additional midshipmen have come aboard since then. Further exacerbating the situation is that we have many, many of our people in what were two-man rooms now in three-man rooms.

One visits the Naval Academy and sees how technology has affected even the lives of our midshipmen in the fact that each has a computer and they all share a printer in their room as part of their educational program. Given the numbers of books and clothes that they own, you really have three people crammed into a space where probably one ought to live and live comfortably.

So, it is primarily a space issue to accommodate these midshipmen which has been made more visible as a result of a comparison of how we house our midshipmen compared to other universities around the country. The Board of Visitors has made comments over the past few years over the overcrowding that they sense at the Naval Academy and that is something we ought to correct.

This project simply provides the opportunity to put people in two-man rooms and also provide some additional exercise and locker facilities in the basement of the two new wings—again facilities that are sadly lacking right now.

That is the general justification, sir.

Senator **Grassley**. Well, if you could submit more detail for the record.

[The information follows:]

The projects as submitted will provide for two wings, each with the capacity for 462 men, to be added to the existing Bancroft Hall. The last addition to Bancroft Hall was built in 1961 for a maximum capacity of 3,765 midshipmen. The current enrollment exceeds 4,600. The additional midshipmen are currently accommodated by housing three men in each of 738 rooms designed for two men, and four men in each of 71 rooms designed for three men. Providing the space to allow two midshipmen to a room will eliminate the overcrowding and provide the necessary study environment required to maintain the high academic excellence at the Academy. The rigorous technical and military training requires a dedicated quality study space within their rooms, it is not available elsewhere. The addition of computerized programs and the need for individual equipment compounds the unsatisfactory crowded conditions. After completion of these projects, the midshipmen will have space that is comparable with members of other Service Academies and private institutions.

PLANNING AND DESIGN

Senator **Grassley**. I want to talk about planning and design. Does your request for fiscal year 1990 reflect the reduction to the program? In other words, do you have excess design from previous years?

Admiral **Montoya**. We would have if we had stayed at the levels that we initially requested, Senator Grassley. The previous 2 years we were funded at about $130 millicn, anticipating construction programs at about $1.5 billion.

With the reductions we have experienced now in 1990 and 1991, our planning and design request has been reduced, I think inordinately, because we are betting a bit on the come. We are down to $85 million, hoping that we can get the benefit of some of the projects that were not funded this year, that are either fully designed or well through design that will be pushed into the outyears.

If we benefit from those on-the-shelf designs, we may be able to make it with the $85 million request. In my judgment, it is going to be touch and go again, as it tends to be in design, but we are not overfunded.

Senator GRASSLEY. Where do you think the Navy is going with the planning and design account for future programs?

Admiral MONTOYA. Well, we try to be conservative on the high side in design, and we try to do that on purpose—amid pressures of keeping it down. The reason is that if you can plan and design better and earlier, and sometimes it means a little more investigation and certainly earlier in the game, that means you can execute the military construction projects earlier in the year, as opposed to 6 to 9 months later, when inflation begins to nibble at your very tight estimates.

We try to estimate our program very, very tight in the Navy, not implying that the Marines or others do otherwise, but we certainly are conservative in our construction estimates to get as many projects as we can within a given number of dollars.

So, we try to keep our design program that approaches 8 or 9 percent of the total construction effort. We are not always successful, but that is our attempt.

Senator GRASSLEY. The Navy is about to begin a substantial construction program at the west coast Trident base in Bangor, WA, to allow for the D-5 missile to be retrofitted into the Tridents now at Bangor.

I want you to relate a little bit about this program, but also tell us the status of the east coast base at King Bay.

Admiral MONTOYA. Yes, sir; the status of the east coast base is that we are nearing the end of the line with that. We have a request over the next 2 years, as I recall, roughly around $60 million, which is the end of a $1.3 billion program which began in the early 1980's.

The U.S.S. *Tennessee*, coincidentally, steamed into port this January as the first Trident submarine on-site. The base is programmed to go operational December of this year, to become no longer a base under construction but a base operated under Comsublant.

That program has gone very well through its history in that we are going to have that base built within the authorized amount, and, generally, I would say within our estimates that we made some years ago.

Now the D-5 missile is a new missile. It is a larger missile, which needs new handling facilities, new handling equipment, new processing facilities. We will duplicate some of the King's Bay projects at Bangor, WA, to handle the new larger missile. There is a small request this year, but it is a $235 million program over about a 6-year period, sir.

Senator GRASSLEY. I want to talk about the base closure package which recommended not opening the strategic home port at San Francisco for the *Missouri*. What is the Navy's plan for the *Missouri*?

Admiral MONTOYA. We do not have one published yet. The commander in chief, Pacific Fleet, not only has to worry about the *Missouri* but is concerned with a number of other ships that were coming to the bay area, totaling, by various counts, some 9 to 11. We also have some additional construction we want to do in the

Port of Long Beach, and we have some requests in the 1991 program for that.

We have also been looking, at the request of the Senator from Alaska, at some possible locations in Alaska for ships. So the entire dispersal of the fleet of the Pacific is and has been under review, and we do not have at this point an answer as to what we are going to do with the two battleships, *Missouri* and *New Jersey*, who are currently colocated in Long Beach.

Senator **GRASSLEY**. It is my understanding that the Navy had originally planned to seek a substantially larger military construction program than that which is now before us in your statement or before us in this budget. I further understand that the reductions to the program were made at the Office of the Secretary of Defense level.

Can you tell us why this occurred? Did you reclammate the actions and where did the funds which were budgeted for construction go within the total Navy program?

Admiral **MONTOYA**. I can say that during the iterative budgetary process within the Navy we did make a subsequent commitment, after some early discussions, to try to come forth with a budget number about equal to the amount that was appropriated last year.

However, many other things took place between our second request and the final budget. Yes; even though there was much advocacy done at the highest levels in the Navy, the money was just not forthcoming, given the priorities across all services and all programs.

So the Navy did reclamma and did lose in excess of $200 million in the final drill. As to where the money went, I do not know. Speculation, I think, would be inappropriate because the defense budget is rather large and there are many ups and downs throughout. So I do not know, Senator Grassley, where that money actually went.

Senator **GRASSLEY**. You surely want to know, though. I mean, you are going to have to explain to somebody that is looking to you for better housing why they did not get it. Who got the money? The mystery of the missing dollars.

I guess I do appreciate the position you are in, that as fluid as budgets are, you squeeze the balloon here and it pops out someplace else, that it is very difficult to keep track of. But you have got to have some interest in that yourself, do you not?

Admiral **MONTOYA**. We have tremendous interest, yes, sir, when it is all said and done. Certainly, our ultimate interest is after we lose the numbers game or the number is set. Then we, as engineers, want to have our second level of influence, which is just as important—where is the money spent? How are the projects put together?

There were some projects in the overseas account that did not make the final cut. And I think Senator Sasser's and the Congress' position on that may have had some influence regarding some of our overseas projects that are no longer before you. So we did save money in our current mission account and money in our Conus account through the later drills.

Senator **GRASSLEY**. Well, maybe you cannot tell us where the money that should have gone in your view for military construction went elsewhere in the Navy budget, but could you tell us in making these reductions what offices within the Office of Secretary of Defense were major players?

Was it the Comptroller, for instance, or was it the assistant secretary for installations, or anybody you might want to name?

Admiral **Montoya**. Well, sir, I think it is fair to say that as engineers we are advocates for facilities and that is our job and we get paid for that. I can also say that in the Secretary of Defense's office there are engineers in Mr. Stone's office who are parochial and very dedicated to supporting us in our endeavors to get the maximum dollar for facilities.

But, like in all large organizations, there are many advocates and someone has to arbitrate the final number. More often than not it falls on the horns of the Comptroller, and I think you will find in this case that is where the answer lies.

Senator **Grassley**. Thank you, gentlemen.

Senator **Sasser**. Thank you, Senator Grassley.

One final question, Admiral. Will the Navy be able to stay within the congressional cap on homeporting construction?

Admiral **Montoya**. Senator, it is very difficult to tell what projects are in the base cap compared to where it is we started. I think the Base Closure Commission action has complicated it just a little further. But to give you a broad answer, we started out some 4 years ago that we will be able to stand up the remaining bases and call them operationally capable within the cap that was set.

We are still using that as our target and we think we can do it.

Senator **Sasser**. Well, I would think you ought to be able to save a little money with the Base Closure Commission's recommendation that two of the home ports be disapproved.

Admiral **Montoya**. Well, sir, I think it will be a wash, quite frankly, because those ships have to go somewhere and we are looking at now doing some expansion at Ingleside to take care of the oiler and a couple of frigates.

But I think the broader answer overall is the fact that the homeporting program has been stretched out. We are going to be some 3 to 4 years behind schedule on the $272 million program at Everett, WA, for example. And that has eroded the dollars that we had contemplated spending some 5 years ago.

We have stretched and modified projects and in some cases even reduced scope in order to stay within those dollar amounts.

ADDITIONAL COMMITTEE QUESTIONS

Senator **Sasser**. Well, Admiral, General Downs, I want to thank you for testifying this morning. We will be submitting additional questions for the record. I think we have some questions here from our distinguished colleague from Nevada, Senator Reid. They have great concerns about the Navy in Nevada, Senator Grassley.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

Questions Submitted by Senator Jim Sasser

SPECIAL WARFARE UNIT—NAVAL STATION PANAMA CANAL

Question. The conferees on the military construction bill for fiscal year 1989 directed the Department to submit a reprogramming request, utilizing section 2803 authority, to provide funding for support facilities for a special warfare unit in Panama. What is the status of this reprogramming?

Answer. A reprogramming request was forwarded to Congress by the Navy on March 31, 1989 in the amount of $6.2 million for emergency construction project P-115, Navy Special Warfare Unit, Naval Station, Panama Canal.

Question. Testimony last year indicated this project to be a high priority of the Department. If it is being canceled, what has changed to reduce the priority previously assigned to the project?

Answer. Support for the special warfare unit remains a high priority within the Department, and reprogramming action should make a construction start possible in 1989. The project is of highest priority among construction needs for the Special Operations Forces.

Question. Why should the Congress provide any new military construction in Panama in view of the requirements of the treaty to reduce the U.S. military presence?

Answer. The investment to be made through fiscal year 1989 MILCON reprogramming for special warfare unit at Naval Station Panama Canal is sound and will serve U.S. interests in Panama and elsewhere in Central and South America for almost 10 years. The benefits in canal security, protection of shipping, drug interdiction, allied forces training and U.S. Special Operations Forces readiness, if quantifiable in dollar terms, would amortize the MILCON investment many times over that period. Also, this relatively small naval unit will be required to be present in the canal throughout the remaining U.S. tenure.

ALTERNATIVE FINANCING

Question. List each contract, long term facility contract, or any other alternative financing contract, other than regular military construction, which supports a construction project completed, under construction, or planned for construction, for which appropriations will be required in fiscal year 1990. Indicate which appropriations account will be utilized; e.g., operations and maintenance, family housing operations, etc.

Answer. The information follows:

Family Housing:		
10 U.S.C. 2828 (Section 801):		
NWS Earle NJ	300 units	FH,N
NAVSTA Norfolk VA	300 units	FH,N
NAVSTA Mayport FL	200 units	FH,N
NAVSTA Staten Island NY	1,000 units	FH,N
MCAGCC 29 Palms CA	200 units	FH,N
10 U.S.C. 2821 (Section 802):		
NSB Kings Bay GA	200 units	FH,N
NAVSTA Charleston SC	400 units	FH,N
Troop Housing:		
NETC Newport RI	150pn	O&M,N
NSB New London CT	150pn	O&M,N
Warehousing: NSC Puget Sound WA		O&M,N
Administrative Support:		
NAS Memphis TN		O&M,N
NAVELEX Portsmouth VA		O&M,N
NSB Bangor WA		O&M,N

Contracts awarded under 10 U.S.C. 2394 whereby the contractor is scheduled to receive payments in 1990 are listed below. Please note that each contract represents a savings of 30 percent to 50 percent from the energy costs which would have been paid if the contract had not been awarded.

NS San Diego CA Steam	O&M,N
NAS North Island CA Steam	O&M,N

NTC San Diego CA Steam	O&M,N
NWC China Lake CA Electricity	O&M,N

Question. Provide for the record each alternative financing project planned for the next 5 years, a description of each project, the projected annual payments, and the projected date obligations would commence.

Answer. The following projects have potential for alternative financing and are currently being reviewed for execution in the next 5 years. Award of contracts for these projects is contingent on the availability of legislative authority, the economics of the project, and a market for the venture. We are therefore, unable to provide projected annual payments and obligation data for these projects at this time.

Legislative authority	Location	Description
10 U.S.C. 2828 (Section 801)	PWC San Francisco CA	Family Housing.
Do	PMTC Pt Mugu	Do.
Do	CBC Pt Hueneme CA	Do.
Do	PWC San Diego CA	Do.
Do	NS Long Beach CA	Do.
Do	NAS Fallon NV	Do.
Do	NAS Jacksonville FL	Do.
Do	NAVDIST Washington DC	Do.
10 U.S.C. 2821 (Section 802)	San Francisco Area	Family Housing.
Do	Norfolk Area	Do.
10 U.S.C. 2809	NAS Alameda CA	Child Care.
Do	NWC China Lake CA	Do.
Do	NS Norfolk VA	Do.
Do	NUWES Keyport WA	Do.
Do	NS Norfolk VA	Depot Supply.
Do	NS San Diego CA	Troop Housing.
Do	MCAS El Toro CA	Do.
Do	NAS Norfolk VA	Do.
Do	NAS Jacksonville FL	Do.
Do	NMCNCR Bethesda MD	Do.
Do	NAVFAC San Bruno CA	Admin Services.
Do	NS Norfolk VA	Do.
Do	PMTC Pt Mugu CA	Do.
Do	NWC China Lake CA	Do.
Do	NSWC Dahlgren VA	Do.
Do	NATC Patuxent River MD	Do.
Do	NAC Indianapolis IN	Do.
Do	DTNSRDC Annapolis MD	Do.
Do	NAU Scotia NY	Do.
10 U.S.C. 2667	NTC Orlando FL	Troop Housing.
Do	NAS Miramar CA	Do.
Do	NCSL Panama City FL	Do.
Do	NS Long Beach CA	Do.
Do	NAF El Centro CA	Do.

Third-party projects for steam, electricity and other energy related utility services, as authorized by 10 U.S.C. 2394, are being actively pursued because they can significantly reduce future operating costs. However, third-party energy projects are risky and there is no assurance that they can or will be completed by a developer, especially if market conditions change. Energy markets are dynamic and projects are sensitive to both market economics and the regulatory climate. We continually evaluate market conditions and the regulatory climate to determine whether we should continue with existing projects and when we should develop new projects. Each project is also tailored to match local needs and market conditions to provide a competitive climate which will optimize benefits for both the Navy and a third-party developer. Accordingly, active project lists continually change as some projects are eliminated by market forces and others are added.

The following is a listing of energy supply projects which are currently being pursued. Because of the interrelated economic and market factors mentioned above, it is too early to project annual payments. Actual payment and the date payments would commence can be determined only after a contract has been awarded.

Location	Description
NAS Jacksonville FL	Steam and Chilled Water.
PWC Great Lakes IL	Steam and Electricity.
NS Everett WA	Steam and Compressed Air.
NAS Fallon NV	Geothermal Resource Development.
NH Camp Pendleton CA	Steam and Electricity.
NSY Long Beach CA	Steam and Electricity.
NAEC Lakehurst NJ	Steam.

Question. Provide for the record the policy for pursuing construction utilizing third-party or alternative financing. Indicate the process which determines whether a project should be funded with regular military construction funds or through an alternative financing approach.

Answer. The Navy's policy in pursuing meaningful candidates for public/private ventures (also known as third-party or alternative financing) is predicated upon the premise that certain facility and/or service requirements can be met using creative strategies which share construction and operation risks with the private sector in return for profit for the private developer and a fast-track cost effective facility and/or service for the Navy. Once a requirement or need is identified at the activity (e.g. child care, warehousing, troop housing, etc.), the Navy will examine the possibility of utilizing private sector financing and development expertise as an alternative to traditional acquisition strategies such as MCON or commercial leasing. A review of the Navy's operational and contractual needs is compared to the private sector's economic and financial requirements in order to determine potential for success. When it is determined that a P/PV is practical in terms of feasibility and private sector interest or experience, the Navy conducts an assessment of the economic costs associated with each meaningful alternative in order to determine the economic impact and identify the least cost alternative. If the P/PV is less costly than the other alternative, Navy makes appropriate congressional notification and/or seeks authorization and proceeds with the solicitation and ultimate award to the most technically qualified developer who can meet the Navy's requirement.

Alternative financing is pursued for central heating and power plants, as authorized by 10 U.S.C. 2394, whenever the following conditions are met: Military construction is programmed; project is for major repair or replacement over 100,000 MBTU/hr input; plant is in United States; plant is a primary heating or power plant. Military construction is pursued only after a solicitation for a third party is unable to provide the same utility service at a lower life-cycle cost. Third-party energy supply contracts are also developed if economic and market conditions indicate a third-party energy supply contract could reduce energy costs more than 10 percent.

FAMILY HOUSING IMPROVEMENTS

Question. How many family housing units are in the inventory?

Answer. As of September 30, 1988, the Department of the Navy inventory contained 90,506 government-owned family housing units.

Question. Explain the process for programming for family housing improvements.

Answer. Requirements for improvements are identified through comprehensive inspections of the family housing units and surrounding property. These requirements are identified to the Chief of Naval Operations (CNO) and Commandant of the Marine Corps (CMC) through the Program Objective Memorandum (POM) process. Resources are allocated by the CNO and the CMC, taking into consideration the ability to execute the program as well as the priority of other programs within the Department of Navy (DON) Total Obligation Authority (TOA). These resources are then translated into budget submittals and, for the DON, are reviewed by Comptroller of the Navy and Office of Secretary of Defense prior to submission to Congress in January.

Question. How does your service family housing improvements program differ from the improvements program of the other Services?

Answer. In many aspects the services manage the program identically. Each determines requirements through comprehensive inspections of the units and surrounding properties. Resource allocation is requested through the POM process. The difference occurs with the funding of concurrent repair and improvement projects. The Navy requests construction funds for the improvements portion and maintenance funds for the repair portion. The Army and Air Force request funding for the entire project using construction funds.

QUESTIONS SUBMITTED BY SENATOR HARRY REID

FALLON-HAWTHORNE JOINT VENTURE

Question. The fiscal year 1989 Military Construction Appropriations Act, Public Law 100–447, provides $210,000 in planning and design funds for the Navy to initiate design of facilities at Hawthorne Army Ammunition Plant to support a Navy Combat Search and Rescue Mission. The Navy was further required to include construction funds for this project in its fiscal year 1991 budget request. What is the status of the planning and design efforts for this project? Do you anticipate any difficulties with including construction funding for this project in the Navy's fiscal year 1991 budget request? If so, please identify the difficulties for the record.

Answer. Planning, design, and construction funding efforts on this project have not been initiated because no requirement exists for a dedicated training site to support Navy Combat Search and Rescue Mission helicopters. Training will be conducted from the activity to which the squadrons are assigned as is the case for any other aircraft squadrons.

FAMILY HOUSING AT NAS FALLON

Question. Navy MILCON project P–286 will provide 80 units of family housing at NAS Fallon for an estimated cost of $10.5 million. Originally scheduled for submission with fiscal year 1991 budget request, this project has been moved back to fiscal year 1994. Is the above information concerning P–286 correct? If not, how has the project been modified?

Answer. The information is correct. A project is tentatively programmed for fiscal year 1994. Based on the results of a planned 180 unit section 801 project, the requirement for the outyear project will be re-evaluated.

Question. Last summer, I learned of efforts by the Navy to obtain an assignable option for property large enough for 180, section 801 units. Has this option been obtained? If so, what is the cost of the option in fiscal year 1989, fiscal year 1990 and fiscal year 1991? What is the estimated life-time cost of the proposed section 801 project at NAS Fallon?

Answer. The Navy paid $21,600 for an option on 36 acres of land to evaluate the property for use in the section 801 program. After the evaluation the Navy will select an 18-acre parcel for construction and will, depending upon which 18-acre parcel is selected, pay $32,400 to $48,600 for a 2-year option. The economic analysis which includes the estimated life-cycle cost is being developed. The analysis will be submitted in the near future.

Question. Admiral Montoya, according to your testimony last year, there is a housing shortage of approximately 200 units at NAS Fallon. If you have obtained an assignable lease for a 180-unit tract, and the tract is subsequently developed, will the need for project P–286 be precluded?

Answer. If the NAS Fallon section 801 project is successful, we will reevaluate outyear requirements at NAS Fallon.

Question. Please provide me with family housing requirements for the Navy for fiscal years 1990–95. Include project size, location and cost.

Answer. Project information is as follows:

Location	Project size	Cost
Fiscal year 1990:		
San Francisco, California	344 units	$28,350,000
Long Beach, California	Housing Office	592,000
San Diego, California	Furnishings Warehouse	1,855,000
Thurmont, Maryland	11 units	1,160,000
Norfolk, Virginia	Community Center	332,000
Keflavik, Iceland	112 units	23,213,000
Subic Bay, Philippines	116 units	19,000,000
Fiscal year 1991:		
Long Beach, California	300 units	24,900,000
Pt. Mugu, California	Housing Office	480,000

Location	Project size	Cost
San Diego, California	300 units	31,850,000
New York, New York	150 units	19,600,000
Little Creek, Virginia	Housing Office	370,000
Norfolk, Virginia	Community Centers	830,000
Bermuda, BWI	Housing Office	374,000
Keflavik, Iceland	112 units	27,200,000
Guantanamo Bay, Cuba	254 units	31,669,000

Firm requirements for the outyears, fiscal years 1992–95, will be developed based on projected deficits that are updated annually through the family housing requirements survey process. These projections, coupled with funding availability, will determine the locations to receive additional family housing units.

WATER USAGE AND TOXIC WASTE AT NAS FALLON

Question. Admiral Montoya, I appreciate your cooperation in postponing long-term agriculture leases at NAS Fallon until March 1990. This commitment contributes to the settlement of Northern Nevada's serious water problems. On a related topic, you provided me with information last June concerning the identification of potential contamination from past hazardous waste disposal practices. You further indicated a follow-on study was scheduled to begin in August 1988. What is the status of the follow-on study? When can members of this subcommittee expect to be provided with a copy of the study?

Answer. The status of the study which is a remedial investigation/feasibility study (RI/FS) which follows EPA guidelines for this type of work is:

Study began September 26, 1988.

Presently reviewing draft work plan.

Have conducted site visits and extensive coordination concerning this project.

Will soon establish a Technical Review Committee (TRC) to review work plan. TRC will include technical representatives from Navy, EPA, State, community and public.

Will begin field sampling in June 1989.

Contractor will prepare draft RI/FS report by November 1989.

Final RI/FS report due by March-April 1990.

RI/FS report and sampling will cost $198,000.

We will provide the members of the subcommittee a copy of the final RI/FS report as soon as it published. We expect to receive the final report in March-April 1990.

SUBCOMMITTEE RECESS

Senator SASSER. Our next hearing will be with the defense agencies on next Monday. The subcommittee will not be holding a separate hearing this year with the Air Force, but we will be accepting testimony from the Air Force for printing in the record, and will be providing questions for the record for the Air Force, which will also be printed in the record.

Gentlemen, we thank you for your attendance this morning and your testimony. This hearing is recessed.

[Whereupon, at 11:28 a.m., Monday, March 6, the subcommittee was recessed, to reconvene at 10 a.m., Monday, March 13.]

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 1990

MONDAY, MARCH 13, 1989

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:10 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Jim Sasser (chairman) presiding.

Present: Senators Sasser, Grassley, and Stevens.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE AIR FORCE

ADDITIONAL INFORMATION AND PREPARED STATEMENT

Senator SASSER. The subcommittee will come to order. We will be joined momentarily, in fact we are joined right now by Senator Grassley, the ranking member of the subcommittee.

The hearing today will be devoted to defense agencies and before calling on our first witness I want to place in the record testimony we have received from the Department of the Air Force for inclusion in the record.

The subcommittee will also be providing some questions for the Air Force in order that they may respond for the record. Prior to printing the Air Force testimony there will appear a series of letters between the House and Senate Subcommittees on Military Construction and Air Force officials relating to the method of providing liaison to the military construction subcommittees. To complete the record, there will also be printed the bill and report language incorporated in the last two military construction acts on this subject.

[The information follows:]

[FROM PUBLIC LAW 100-447—SEPT. 27, 1988]

Making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1989, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 1989, for military construction functions administered by the Department of Defense, and for other purposes, namely:

SEC. 122. Notwithstanding any other provision of law, the Secretary of the Air Force is required to maintain legislative liaison to the House and Senate Appropriations Subcommittees on Military Construction and budgetary and fiscal management of the Military Construction and Military Family Housing appropriations in a manner identical to the method employed as of September 30, 1986.

[From Senate Report 100-380]

Section 122.—Last year the Committee approved section 122 in the Military Construction Appropriations Act of 1988. This provision requires the Air Force to maintain legislative liaison to the Senate and House Subcommittees on Military Construction appropriations and budgetary and fiscal management of the military construction and family housing appropriations in a manner identical to the method employed as of September 30, 1986. This provision was included by the House in the fiscal year 1989 bill. The Senate concurs with the action of the House. As a further clarification of the intent of section 122, the Committee indicates that the Air Force should maintain the liaison and budget functions described in the general provision under the Air Force Deputy Comptroller for Budget within the Secretary of the Air Force Comptroller organization as those functions are currently maintained. Further, the Air Force should maintain no less than the same level of manpower authorizations currently authorized and personnel filling these slots should not be involuntarily separated or transferred.

[From House Report 100-620]

9. Section 122 of the General Provisions requires the Air Force to maintain legislative liaison to the House and Senate Appropriations-Subcommittees on Military Construction in a manner identical to the method employed as of September 30, 1986.

LETTER FROM E.C. ALDRIDGE, JR., SECRETARY OF THE AIR FORCE, DEPARTMENT OF DEFENSE

JANUARY 19, 1988.

Honorable *Jim Sasser*,
Chairman, Subcommittee on Military Construction, Committee on Appropriations, United States Senate, Washington, DC.

DEAR MR. CHAIRMAN: In compliance with Section 122, MILCON/Family Housing, the Air Force will continue to "* * * maintain legislative liaison to the House and Senate Appropriations Subcommittees on Military Construction and budgetary and fiscal management of the Military Construction and Military Family Housing appropriations in a manner identical to the method employed as of September 30, 1986." Any duplication in Military Construction and Military Family Housing budgetary and fiscal functions will be eliminated.

It is our intent to continue effective and professional support to the Appropriations Committees. We enlist your continued support for Military Construction and Family Housing. These programs are vital to our weapons systems and existing physical plant and especially to our most important assets—our people.

Sincerely,

E.C. ALDRIDGE, JR.,
Secretary of the Air Force.

Section 101(j) of Public Law 100-202 reads as follows:

(j) Such amounts as may be necessary for programs, projects or activities provided for in the Military Construction Appropriations Act, 1988, at a rate of operations and to the extent and in the manner provided for, the provisions of such Act to be effective as if it had been enacted into law as the regular appropriations Act, as follows:

AN ACT

Making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1988, and for other purposes.

SEC. 122. Notwithstanding any other provision of law, the Secretary of the Air Force is required to maintain legislative liaison to the House and Senate Appropriations Subcommittees on Military Construction and budgetary and fiscal management of the Military Construction and Military Family Housing appropriations in a manner identical to the method employed as of September 30, 1986.

[FROM SENATE REPORT 100–200]

Section 122. This provision prohibits the Air Force from changing the current manner legislative liaison service is provided to the House and Senate Appropriations Subcommittees on Military Construction.

The Committee strongly agrees with the House in that legislative liaison to the Subcommittees on Military Construction should continue to be conducted by personnel in the Office of the Secretary comptroller function. The Committees on Appropriations have had a longstanding, satisfactory relationship with liaisons from the comptroller community. Comptroller personnel who actively participate in the programming, budgeting, and execution of Military Construction and Military Family Housing Programs serve as the best liaisons with regard to the knowledge and objectivity. Liaisons from the program community have an inherent parochial interest that, after time, would tend to weaken the credibility of budgets submitted by the Department.

The Committee has inserted language in this provision that prohibits the Department from transferring military construction and military family housing budgetary and fiscal functions (including financial management) to any office or entity outside the comptroller function of the Secretary concerned. The Committee believes that any attempt to effect such a transfer violates the intent of the Goldwater-Nichols Department of Defense Reorganization Act of 1986, Public Law 99–433. Further, fiscal control, to include year-end funds certification, is a function that must be performed by comptroller personnel representing the Secretary concerned. The Committee directs each Secretary concerned to certify to the Committees by December 31, 1987, that all military construction and military family housing budgetary and fiscal functions are being performed within the comptroller function under the Secretary concerned and that no other office or entity is conducting budgetary and fiscal functions in a duplicative manner. The provision now reads as follows:

> SEC. 122. Notwithstanding any other provision of law, the Secretaries of Defense, Army, Navy and Air Force are required to maintain legislative liaison to the House and Senate Appropriations Subcommittees on Military Construction *and budgetary and fiscal management of the Military Construction and Military Family Housing appropriations* in a manner identical to the method employed as of September 30, 1986*: Provided, That nothing in this section shall prevent the Secretaries of the Army and Navy from realigning legislative liaison and financial management to correspond with the method employed by the Air Force on September 30, 1986.*

[FROM HOUSE REPORT 100–209]

SECTION 122

This section requires the Services to maintain legislative liaison identical to the method employed as of September 30, 1986. The Committee is concerned that various reorganization plans may alter the manner is which legislative liaison services are provided by the Department and each Service. The Committee maintains that the current legislative liaison under the Comptroller of each Service provides an extremely valuable function in performing oversight of the various military construction programs and therefore should be maintained.

LETTER FROM GEORGE W. LARSON, JR., DEPUTY COMPTROLLER, BUDGET, DEPARTMENT OF THE AIR FORCE

FEBRUARY 22, 1989.

Honorable JAMES R. SASSER,
Chairman, Military Construction Subcommittee, Senate Committee on Appropriations, United States Senate, Washington, DC.

DEAR MR. CHAIRMAN: I am writing to indicate that we have recently consolidated Congressional liaison functions for budget into a single office that reports directly to the Deputy Comptroller, Budget. This includes the functions that provide liaison with the House and Senate Military Construction Subcommittees. The consolidation will allow us to be more effective and enhance our ability to support your committee and the other Congressional committees.

I am sending you this letter because of the interest expressed by the Subcommittees in the role of the Comptroller regarding oversight of Military Construction programs. This important oversight role will continue just as it has in the past, and will not be affected by this action. In fact, as a result of this action, I am confident the quality and manner of support provided to the committees will be as good or better than before.

An identical letter has been sent to the Chairman of the House Military Construction Subcommittee.

Sincerely,

GEORGE W. LARSON, JR.,
Major General, USAF, Deputy Comptroller, Budget.

LETTER FROM SENATOR JIM SASSER

MARCH 1, 1989.

Major General GEORGE W. LARSON,
Deputy Comptroller, Budget, Department of the Air Force, Washington, DC.

DEAR GENERAL LARSON: The Senate Subcommittee on Military Construction is very concerned with the actions outlined in your recent letter, which are in circumvention of Section 122 of Public Law 100-447.

Until the issues raised by the Air Force's action are resolved, I have directed the staff of the Subcommittee on Military Construction to inform the Office of the Comptroller, Secretary of Defense, that any liaison between the Air Force and the Subcommittee is to be conducted through the OSD Comptroller. This letter is to inform the Air Force of this decision.

In addition, I have canceled the Subcommittee's Air Force hearing scheduled for March 13, 1988. Instead the Subcommittee will accept written testimony from Air Force witnesses which will be made a part of the official hearing record for fiscal year 1990. Questions for the record will be provided to OSD Comptroller for submission to your office and response by the Air Force in accordance with the usual procedure.

The action taken by the Air Force is considered to be very serious by the Subcommittee. Until an appropriate solution, within the confines of the law, has been worked out, the Air Force should comply with the requirements of this letter. It would be appreciated if you would inform all appropriate personnel in the Department of the Air Force of the Subcommittee's requirement.

Thank you.

Sincerely,

JIM SASSER,
Chairman, Subcommittee on Military Construction.

LETTER FROM SENATOR JIM SASSER, AND REPRESENTATIVE BILL HEFNER

MARCH 2, 1989.

Honorable JAMES F. MCGOVERN,
Acting Secretary of the Air Force, 4E871 Pentagon, Washington, DC.

DEAR MR. SECRETARY: We have received a letter dated February 22, 1989 from Major General George W. Larson, Jr. which advised the Committees that the Air Force has recently consolidated Congressional liaison functions for budget into a single office. The consolidation appears to be in violation of Section 122 of Public Laws 100-202 and 100-447 and certainly in violation of the intent of Congress.

The Committees are distressed that such action has been taken knowing of the intent of Congress. In addition, this action was taken without consultation with either Members or staff of the House or Senate Military Construction Subcommittees. It appears that this is an obvious blatant defiance of Congressional intent if not defiance of the law.

We will await your response.

Sincerely,

JIM SASSER,
Chairman, Senate Subcommittee on Military Construction.

BILL HEFNER,
Chairman, House Subcommittee on Military Construction.

STATEMENT OF JAMES F. BOATRIGHT, DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (INSTALLATIONS), DEPARTMENT OF THE AIR FORCE

Mr. Chairman and members of the committee, I am James F. Boatright, Deputy Assistant Secretary of the Air Force for Installations. I have with me this morning Major General Bud Ahearn, Director of Engineering and Services, United States Air Force. It is a pleasure for us to appear before your committee to present the Air Force's Military Construction request for fiscal years 1990 and 1991. We are all aware that the budget that you have before you was submitted by the outgoing administration. The Department of Defense is revising the fiscal year 1990 and 1991 biennial budget based on new guidelines. This revision will have an impact on the Military Construction program, However, as of this time, final budget decisions have not been implemented.

Overview

The Air Force is grateful for this committee's longstanding support of the Air Force's Military Construction program. We are working diligently to construct facilities that support several national programs, while at the same time striving to improve the working and living conditions of our people.

Our appropriations request for MILCON and Family Housing is $2.551 billion in fiscal year 1990 and $2.689 billion for fiscal year 1991. Our fiscal year 1990 request as submitted to you represents an increase of $328 million over our fiscal year 1989 request. Our fiscal year 1991 request is a $138 million increase over our fiscal year 1990 request. Our Military Construction submittal is broken into two major sections. One addresses our Military Family Housing needs while the other addresses our requirements that support Weapons Systems Beddowns, Force Structure, Readiness, and revitalization of our existing physical plant. First, we will address that part of our program which we label the "MILCON Program."

The MILCON part of our fiscal year 1990 appropriations request is $1.528 billion, an increase of $227 million over the fiscal year 1989 appropriations request. Our fiscal year 1991 request of $1.579 is an increase of $51 million over fiscal year 1990.

As we built this appropriations request and prepare to execute its construction projects, we have changed some processes and have employed some specific principles. Our primary focus will be the quality of the end product or service. In the long run that will pay enormous dividends. We will ensure accountability so that limited resources are utilized properly and efficiently. We will apply progressive yet proven technologies and finally, we will always be future looking so that we can continue to improve our performance.

By adhering to these principles I believe we will be able to continue to support force modernization, improve readiness and sustainability, and continue the revitalization of the Air Force's facility infrastructure. Our focus will be on quality facilities, provided on time, and within budget. The Congress expects no less and the American taxpayer deserves no less.

New Mission MILCON

The Air Force separates its MILCON program into two distinct parts called new mission and current mission. The budget levels for new mission requirements provide facilities which support deployments of weapons systems, force structure changes, and readiness. The funding for this part of our Military Construction program is essential to modernizing and improving our warfighting mission. New mission projects constitute 65 percent of the fiscal year 1990 Military Construction request at $993 million and 62 percent of the fiscal year 1991 request at $983 million.

The Air Force's two-year request for new mission funding contains projects that support Peacekeeper - Rail Garrison, continuation of construction to deploy the B-2 bomber at Whiteman AFB, Missouri, and the second and third phases of construction for the large rocket test facility at Arnold Air Force Base, Tennessee. To satisfy the critical national need to launch the TITAN IV configured with the Centaur Upper Stage for heavy payloads we propose to construct a new launch complex at Vandenberg Air Force Base, California. Finally, we continue construction of facilities to support the Air Force special operations mission.

Peacekeeper - Rail Garrison

In December 1986, President Reagan announced the development of the Rail Garrison system for the second 50 Peacekeeper missiles. Rail Garrison places missiles on railcars which are kept on active Air Force bases in peacetime. The missiles would deploy over the national rail network during times of national need.

In fiscal year 1989, the Congress denied MILCON funding pending approval of deployment of the system by the next administration and the Congress. However, the Congress felt that planning for the fiscal year 1989 projects should proceed at a moderate pace so as to not exceed 35 percent design status until the new administration and Congress have approved deployment of the system.

The fiscal year 1990 program includes $204.95 million for construction of which $111.3 million supports construction at F.E. Warren Air Force Base, Wyoming, as well as $14.15 million for design of follow-on beddown locations. The fiscal year 1990 and 1991 MILCON appropriations request supports construction at follow-on locations that have not yet been announced.

Approval of the fiscal year 1990 request will reserve the option to achieve an initial operating capability by June 1992 should the Congress authorize deployment.

B-2 Bomber

The B-2 bomber was announced by president Reagan in 1981 as part of the strategic modernization program. The initial operational capability of the aircraft is expected in the early 1990s.

The aircraft is designed to have superior survivability because of "low observable" Stealth technologies. It has exceptional range and is capable of carrying both nuclear and conventional weapons. Stealth technology will allow the B-2 to penetrate Soviet defenses into the 21st century.

In January 1987, Whiteman Air Force Base, Missouri was announced as the first operational location. Follow-on bases will be announced with the submission of the president's budget containing the first year of MILCON funding for each location. The depot maintenance for the B-2 will be conducted at Tinker Air Force Base, Oklahoma.

The Congress appropriated $84.8 million of our fiscal year 1988 request of $89.3 million. For fiscal year 1989, the Congress appropriated $59.5 million of our $79.5 million request. For fiscal year 1990, the Air Force is requesting appropriations of $100.5 million for the third phase of the Beddown at Whiteman Air Force Base. For fiscal year 1991, our request is $116.5 million. Additionally, to support depot maintenance at Tinker Air Force Base, we are requesting appropriations of $31.8 million in fiscal year 1990 and $23.3 million for fiscal year 1991. The total MILCON requirement for B-2 including design in fiscal year 1990 is $147.3 million and for fiscal year 1991 is $167.7 million.

Large Rocket Test Facility (J-6)

Arnold Engineering Development Center, Tennessee has the only national capability for testing rocket engines at altitudes. The existing major rocket motors test cells called J-4 and J-5 cannot safely test large, detonatable solid-rocket motors at altitude. The J-4 test cell is a liquid fuel facility that has been modified for solid propellant testing. The J-5 facility is a solid propellant test cell that is limited to 150,000 pounds of thrust. Newer rocket motors for systems such as Peacekeeper require thrust capabilities up to 150,000 pounds. Future generations of motors will require testing at even higher thrusts. The J-6 test cell will provide the capability to safely test highly volatile new propellants at thrust of 500,000 pounds at an altitude of 100,000 feet.

For fiscal year 1989, the Congress authorized the total cost of the project in the amount of $183 million while providing appropriations in the amount of $50 million to begin the construction program which stretches over three years. The Air Force is requesting appropriations for fiscal year 1990 in the amount of $66 million and for fiscal year 1991 $66.3 million. The fiscal year 1991 appropriations request will allow us to complete the project.

TITAN IV Launch Facilities

Contained within our fiscal year 1990 and 1991 authorization requests are facilities to support TITAN IV launch facilities on the west coast at Vandenberg Air Force Base, California and on the east coast at Cape Canaveral Air Force Station, Florida.

Vandenberg Air Force Base - The TITAN IV Launch vehicle provides a capability to place our heavier payloads into orbit. Beginning in 1990, there will be one launch pad (SLC-4E) at Vandenberg Air Force Base capable of launching a TITAN IV. Construction of SLC-7 will provide the two-pad capability for the TITAN IV and provide a capability currently not existing on the west coast, that is the ability to launch the TITAN IV with the Centaur Upper Stage. Additionally, the launch rate capability with only one pad on the west coast is not sufficient to meet the requirements for Air Force and DOD classified missions.

The Air Force is requesting appropriations of $17 million in fiscal year 1990 to begin phase one of a four phase construction program. For fiscal year 1991, we are requesting $48 million for phase two of the construction program. Completion of the final two phases is estimated to cost $40 million.

Cape Canaveral Air Force Station - The current Solid Motor Assembly Building (SMAB) cannot process the new Solid Rocket Motor Upgrade (SRMU) due to weight and height constraints. Additionally, this facility, which was built in the mid-1960s, is too short to handle the present seven-segment Solid Rocket Motors of the TITAN IV missiles. Therefore, A new Solid Rocket Motor Assembly Building (SRMAB) is required to process and stack the solid rocket motor segments on the TITAN IV launch vehicle as well as accommodate the new Solid Rocket Motor Upgrade.

For fiscal year 1990, the Air Force is requesting $89 million for the construction of this new assembly building in support of a scheduled 1992 TITAN IV launch.

Special Operations Forces

The special operations forces support the requirements of the unified commands in such areas as conventional and unconventional warfare, crisis response, and counterterrorism.

For fiscal year 1989 the Congress appropriated $27.4 million at Eglin Auxiliary Field 9, Flordia and $7 million at Clark Air Base, the Philippines.

The fiscal year 1990 appropriations request totals $38.5 million at three locations. Of that total, $21.9 million is at Eglin Auxiliary Field 9, Florida; $13.4 million is at Kirtland Air Force Base, New Mexico and $3.2 million at Clark Air Base. The fiscal year 1991 request of $11.25 million is for operations and support facilities at Eglin Auxiliary Field 9.

401st Tactical Fighter Wing (TFW) Relocation

The new Spanish basing agreement requires the 401st Tactical Fighter Wing to relocate from Torrejon Air Base, Spain. The Italian government has agreed to host the 401st Tactical Fighter Wing at Crotone, Italy.

The Congress has required that construction of new facilities to support this relocation be the responsibility of NATO and that U.S. Military construction resources not be used to fund construction of any facilities in support of the 401st relocation.

During the May 1988 NATO Ministerial Defense Planning Committee attended by then Secretary of Defense Carlucci, NATO agreed to fund new facility construction for relocating the 401st TFW with the exception of recreational facilities which would be the responsibility of the United States. Additionally, it was agreed that NATO would provide the funds up front to construct the Family Housing to U.S. standards. The United States would reimburse NATO over about a ten-year period at which time the housing reverts to a rent free status.

The fiscal year 1990 appropriations request of $15.4 million includes $8.4 million for community support facilities and $7 million for the U.S. share of a joint U.S./Italian air-to-ground weapons training range. Appropriated funds are required as weapons training ranges are not eligible for NATO funding.

The fiscal year 1991 appropriations request of $5.85 million supports construction of additional recreational facilities not supported by NATO ministers for funding.

CURRENT MISSION MILCON

None of the projects or programs we have mentioned thus far satisfies the need to care for the existing Air Force physical plant. Part two, of our MILCON program, is called current mission which revitalizes the existing facility infrastructure.

Beyond the warfighting, modernization and improvement related MILCON requirements mentioned earlier, we have facility requirements which make essential contributions in attracting, retaining, and motivating Air Force people. Moreover, this construction contributes greatly to our people's productivity and allows us to sustain our commitment to a quality force. The current mission share of our MILCON, along with the Family Housing program are fundamental components of a modern, effective, high-quality Air Force.

The Department of Defense is on record as concluding that there is a strong relationship between the quality of our facilities and retention of our people. The current mission part of our MILCON program addresses the revitalization of the working and living environment of our people. Unfortunately, continuing budget constraints and the unquestioned need to modernize our strategic forces are pushing us farther away from establishing even a modest trend of revitalizing our existing facilities. In fact, at today's investment rate, it will take approximately 200 years to revitalize our entire physical plant.

This is not the first time that we have spoken out on the need to revitalize our existing infrastructure. We fully recognize that all our facility requirements cannot be met due in part to the constrained budget environment and the fundamental need to fund construction that supports Beddown of

Air Force weapons systems and national programs. However, our level of investment in revitalization has fallen to a level lower than our plant investment level of fiscal year 1983. Should Congress fully authorize our current mission request, we will be on a revitalization cycle of approximately 200 years.

Our current mission funding level for fiscal year 1990 is $535 million and for fiscal year 1991 is $596 million. Two very important initiatives within this program are our efforts to revitalize Lackland Air Force Base, Texas and Shemya Air Force Base, Alaska.

Lackland Air Force Base, Texas

Lackland Air Force Base Represents the "Gateway to the Air Force" and provides a lasting impression of the Air Force for new military members and foreign students as well. A five-year program has been established to revitalize the physical plant. The program focuses on solving infrastructure problems and replacing World War II buildings.

For fiscal year 1990, the Air Force is requesting $19.4 million as the initial phase of this revitalization program. Included in this amount is $4.50 million for a security police training facility, $8 million for a new logistics complex, $3.20 million for additional water storage and distribution system, and $3.80 million to upgrade the base electrical distribution system.

For fiscal year 1991, the Air Force is requesting $22.60 million for a dining facility, fire station, base engineer complex, base roads, and an upgrade to the sewer system.

Shemya Air Force Base, Alaska

Shemya Air Force Base is strategically located at the end of the Aleutian chain and is the predominant site for monitoring Soviet activities due to its proximity to the Soviet Union. The large investment in information gathering systems must be supported with an adequate facility infrastructure.

To stay abreast of soviet activity, a larger investment has been made in building systems at Shemya Air Force Base. Facility replacement/revitalization has not kept pace. Approximately thirty percent of the facilities are wood frame, constructed during World War II, and almost sixty percent are more than twenty years old. Many are so deteriorated that they are uneconomical to repair and must be replaced. The extreme cold weather conditions as well as the high winds, rain, and corrosive salt water environment have drastically reduced the normal life expectancy of the facilities at Shemya Air Force Base.

Over the previous fifteen years there has been only minimal construction at Shemya Air Force Base. During the last two years, congress has appropriated $53.30 million for construction. But with a high (3.5) construction area cost factor it will take five years to bring Shemya's major facility problems under control. Our plan for the future is to focus on revitalizing the infrastructure through a significant capital investment. A significant number of modernization projects over a short period of time will reduce construction mobilization costs, improve project execution, and provide quality facilities at less cost to the taxpayer.

For fiscal year 1990, the Air Force is requesting $27.70 million and for fiscal year 1991, we are requesting $14 million.

Mr. Chairman, we have saved for last the discussion on Family Housing which is the other major section of our Military Construction submittal. The Air Force considers the Military Family Housing program its number one facility investment priority.

Caring for the housing needs of our Air Force families ranks at the top of our quality of life objectives. There are over 379,000 families in the Air Force. they all need housing. We continue to rely on the local community as our first source. In those instances where the local community cannot meet our needs, we provide government housing. Approximately 145,000 families, or just under 40 percent, live in Air Force owned or leased units. The balance of the families live in the communities surrounding our installations.

The requirement for adequate Family Housing has never been greater. Over three fourths of our housing occupants are the families of junior sergeants and junior officers. These young service members have just reached the point in their careers where they are fully trained to perform in their chosen specialites. We recruited these readiness trained skilled aircraft technicians and aircrew members, but it will be a family decision to stay. The quality of the homes and neighborhoods where these families live, whether in the local community or on base, strongly influences this important career decision.

We must provide contemporary housing for our families if we are to retain our skilled force. We cannot afford to pay the higher training bills for replacements nor the reduced readiness caused by young families deciding to leave the Air Force to find a better family life in the private sector.

Military Family Housing Overview

The Military Family Housing appropriations request totals $1.023 billion in fiscal year 1990 and $1.110 billion in fiscal year 1991. Of the amount in fiscal year 1990, $242 million is for new construction, improvements, and planning and design; $673 million is for operations, utilities, and maintenance; and $108 million is required to pay leasing costs. For fiscal year 1991, $269 million is for new construction, improvements, and planning and design; $702 million is for operations, utilities, and maintenance; and $139 million is for leasing.

This balanced program is dedicated to providing additional housing units to meet new mission requirements, satisfying current deficiencies, providing improvements to existing units, and keeping pace with the deferred maintenance and repair needed to keep our 30-year old inventory at adequate standards within the constraints of the austere Air Force Budget.

New Construction

In some cases, available off-base housing is inadequate to meet the needs of Air Force families. The annual housing survey reveals a projected net deficit, worldwide, of 36,000 units. This means that many Air Force families living on the local economy are not adequately housed due to substandard conditions, distance or cost. One of our approaches to solving this problem is through new construction.

Our fiscal year 1990 appropriations request is for $61 million and our 1991 request is for $68 million. Fiscal year 1990 includes 200 housing units to be constructed at Ramstein Air Base, Germany where the need for additional housing is critical. Fiscal year 1991 includes 300 units at Eglin Auxiliary Field 9, Florida which is needed to support the special operations forces'. In addition, there are projects in both years for 450 units at Clark Air Base, Republic of the Philippines, to solve one of our greatest housing deficiencies for Air Force families. Off base living conditions in the Philippines are inadequate due to lack of security, high rate of theft, non-potable water, inadequate fire protection, and frequent power outages. These projects support moving families from inadequate off base quarters to adequate quarters on base and are not a result of any increase of accompanied tours. Also, in both years, several housing management offices and maintenance/supply facilities projects are requested to support the management and maintenance activities required for our housing communities.

Improvements

Our inventory of 138,000 Air Force owned units is now over 30 years old. About 80,000 of these units do not meet today's functional and architectural standards. Moreover, they are severely in need of major repair. To meet our requirements as landlords and the expectations of our occupants, "Whole House" and whole neighborhood revitalization is past due.

Improving these 80,000 Family Housing Units is the top facility priority of the Air Force. Fiscal years 1990 and 1991 appropriations requests each provide a seven percent realgrowth in funding to accelerate this revitalization work. At past levels of funding, it would have taken over 25 years to complete this revitalization effort. The 1990 and 1991 requests move the time line to 22 years. We will maintain the intensity of this effort and continue our search for ways to reduce the time required to upgrade all 80,000 units in 10 years.

Our whole house revitalization program updates worn out bathrooms and kitchens, replaces obsolete utility and structural systems, provides additional living space, and brings the units up to comparable private-sector standards within the square foot limitations authorized in law. Our fiscal year 1990 appropriations request seeks $173 million in improvement projects and for fiscal year 1991 we are requesting $193 million.

We are confident we can manage this larger project workload. Our obligation rate of the fiscal year 1988 revitalization funds in the year appropriated have been the best ever, nearing 100 percent. We are committed to providing quality housing for a quality force.

Operations, Utilities, and Maintenance

The fiscal year 1990 request for operations, utilities, and maintenance funding is $673 million and our fiscal year 1991 is $702 million. This request supports our obligations in the must pay utilities and operations accounts as well as the maintenance of our existing housing inventory at over 150 installations. These 138,000 units have a replacement value of well over $11 billion. While our whole house revitalization program will breathe new life into many of these houses, maintenance and repair of the units are needed to keep the "doors open" and protect our past investment.

This account also supports our quarters cleaning program which we believe is one of the best quality of life improvements that the department of defense has implemented. The feedback we have received from senior Air Force Commanders, Wing Commanders, and Senior Enlisted advisors is that few changes occurring during the 1980's in support of the line of the Air Force have been so significant as the quarters cleaning program. This program eliminates an enormous irritant to the frequently moving military family. Air Force members still perform quarters cleaning to a "broom clean" standard as is done in the civilian sector, however, this program eliminates the unnecessary harassment of "white glove" inspections during an already emotional filled period of family uprooting.

Leasing

The fiscal year 1990 appropriations request for leasing is $108 million and for fiscal year 1991 is $139 million. This request is for both the domestic and overseas units. We anticipate completing construction for all the units authorized by Congress in prior years for section 801 and overseas build-lease. We are requesting authorization from the Armed Services Committees for 1,500 additional section 801 authorizations in this two year budget submittal. Only authorization for these 1,500 units is being requested since appropriations will not be required until the units are completed. We anticipate funds will not be required for these units until 1992.

The section 801 build lease program has allowed us to acquire new housing units for our families. We have 300 units at Eielson Air Force Base, Alaska; 163 units at Hanscom Air Force Base, Massachusetts; 200 units at Goodfellow Air Force Base, Texas; and 200 units at March Air Force Base, California. We also expect to award projects this year at the following Air Force Bases: March, Eglin Field 9, Whiteman, Travis, Ellsworth, and Castle.

The Air Force has not been successful in awarding a section 802, CONUS rental guarantee housing project. We have been stymied by low entrepreneur interest driven by unfavorable financing. We are attempting to use 10 U.S.C.

section 2667 land outlease authority to third party finance housing units at two installations. We continue to foster privatization where there is a potential for cost effective solutions to our housing needs.

A total of 9,201 foreign leases are requested for overseas locations. Our overseas leasing program is key to satisfying our foreign housing requirements. While no new authorizations are requested above last year's level, we are requesting additional appropriations to accommodate the completion of new units previously authorized.

Conclusion

Mr. Chairman, the mission of the United States Air Force is to deter aggression and, if necessary, defeat aggressors in conflict. With the support of the Congress today's Air Force is better prepared than any time in history. Our fiscal year 1990 and 1991 appropriations requests provide facility support for those weapons systems that add to our national warfighting capability while we continue to invest in the working and living environments of our people.

Mr. Chairman, our greatest facility need is Family Housing and, we believe, that our requests reflect our commitment to Family Housing excellence. There are too many Air Force families living in inadequate housing and our objective is to provide our families the same living standards found in the local community.

The Air Force fully recognizes the importance of investing in facilities. We must treat our professionals as professionals and provide them quality living and working environments. If we do not provide for the men and women responsible for the high-tech weapons systems, then we are shortchanging not only them but the american poeple who are depending on our highly-trained force.

We know that the Air Force leadership and this committee recognize the importance that quality facilities play in retaining and maintaining a quality force able to carry out its mission of defending this great nation. We must provide a quality life for our poeple, recognizing that many of our young enlisted airmen and junior officers are at the point in their career where they will decide to leave or continue with the Air Force. The quality of the facilities that they work in and the housing that they live in will have a significant affect on their decision. With the help of this committee and the Congress it is our hope that we can continue to work together to correct our facility shortfalls; thereby, maintaining a high quality force.

Mr. Chairman, we are honored to be able to appear before you today and to represent the United States Air Force. We are prepared to answer your questions.

STATEMENT OF CHARLES E. GRASSLEY

Senator **Sasser**. Now, unless any of my colleagues have an opening statement let me turn to——

Senator **Grassley**. I am going to put my opening statement in the record, but I want to take this opportunity to thank you for getting these hearings done early and getting the overview hearings out of the way. Since I am new on the subcommittee, I have to say that I look forward to working with you as we make those decisions that have to be made now. Let me know if there is any particular way that I can be cooperative in that process.

Senator **Sasser**. Well, thank you very much, Senator Grassley. Of course, we are delighted to have you on the subcommittee.

DEFENSE MEDICAL FACILITIES OFFICE

STATEMENT OF GORDON K. DOWERY, DIRECTOR, DEFENSE MEDICAL FACILITIES OFFICE, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)

SUMMARY STATEMENT

Senator SASSER. We will turn now to Mr. Gordon Dowery, representing the Defense Medical Facilities Office. Mr. Dowery, we welcome you back before the subcommittee this morning and you may proceed.

Mr. DOWERY. Mr. Chairman, members of the subcommittee, thank you for the opportunity to present the Department of Defense budget request for the fiscal years 1990 and 1991 medical military construction program. But first I would like to express our gratitude for the contribution this subcommittee made last year in supporting the Department's efforts to improve the condition of our medical facilities worldwide.

This program addresses our most pressing health care facility needs in readiness overseas and Conus medical construction. Our fiscal year 1990 request is for $344 million in major construction and $44 million in planning and design funds. For fiscal year 1991 we are requesting $421 million in major construction and $49 million for planning and design.

Our fiscal year 1990 and 1991 requests are reasonable and prudent, given the size and scope of the military health service system and present fiscal realities. There are almost 1,200 facilities in our inventory, ranging from small medical aid stations to 16 major teaching centers that support our graduate medical education programs. The current replacement value of this inventory is over $16 billion.

There is an urgent need to modernize and replace many of these facilities both to keep pace with modern medical practice and to meet our wartime requirements for medical contingency support.

This request includes just over $80 million for readiness projects, almost $8 million for new missions, nearly $29 million for overseas projects, $38 million for Conus-based medical projects, $86.5 million for graduate medical education facilities, $73 million for Conus operational bases, $33 million for Conus training bases, and just over $4 million for all other facilities.

PREPARED STATEMENT

I would like to place a more complete statement in the record and to thank you again for this opportunity. I am now prepared to respond to any questions you may have.

[The statement follows:]

STATEMENT OF GORDON DOWERY

Thank you for the opportunity to present the Department of Defense Budget Request for the Fiscal Years 1990-1991 Medical Military Construction Program. This program addresses our most pressing health care facility needs in readiness, overseas and CONUS medical construction. The FY 1990 request before the Congress is for $344 million in major construction and $44 million in planning and design. I would like to express our gratitude for the contribution this Subcommittee made last year in supporting the Department's efforts to improve the condition of our medical facilities.

Our FY 1990 and 1991 requests are reasonable and prudent given the size and scope of the Military Health Services System and present fiscal realities. There are almost 1,200 facilities in our inventory, ranging from small medical aid stations to sixteen major teaching centers that support our Graduate Medical Education Programs. The current replacement value of this inventory is over $16 billion. There is an urgent need to modernize and replace many of these facilities, both to keep pace with modern medical practice and to meet our wartime requirements for medical contingency support.

Readiness

The FY 1990 request maintains the Department's emphasis on prepositioning medical readiness assets. We are requesting $80.43 million in FY 1990 to construct 500-bed fleet hospitals at Adak, Alaska and Camp Carroll, Korea; a 500-bed fleet hospital in Lanark, Scotland; and medical contingency complexes at Echternach, Luxembourg and Chessington, United Kingdom. This request also includes a frozen blood facility at Camp Carroll, Korea, and a second echelon storage facility at Zaragoza, Spain.

All the readiness projects are supported by the Worldwide Plan for Medical Mobilization and Contingency Facilities. Construction for contingency hospitals is timed to the approved funding and procurement of Deployable Medical Systems (DEPMEDS) and designed to support the Military Departments' concept of operations at each site. Without construction support, these DEPMEDS would have to be stored in the Continental United States, significantly limiting our capability to treat casualties in theater.

New Missions

The Department is also committed to funding medical projects required to support initiation of new operational missions. In support of the Navy Strategic Homeporting Initiative, we are requesting $2.3 million for a medical-dental clinic at Ingleside Naval Station, Texas and a combined total of $5.35 million for similar requirements at Mobile, Alabama and Pascagoula, Mississippi. The two projects at Mobile and

Pascagoula are being accomplished through an innovative design build contract.

Overseas

The provision of health care overseas, where alternative sources of care are not available, is also a high construction priority. This category includes medical facilities which are among the oldest in the inventory and, historically, have not received adequate military construction funding. In addition to correcting serious inadequacies for delivering health care, we have also incorporated into many overseas projects features necessary for these facilities to expand their missions for contingencies.

Our FY 1990 request includes a $28.0 million hospital replacement at Vicenza, Italy, and a troop medical clinic at Camp Gary Owen, Korea. Not every urgent overseas medical construction need could be addressed in the budget request before you. The request is reasonable in light of the fiscal and political realities which we all acknowledge play a part in decisions about military construction overseas.

United States

The greatest portion of our FY 1990 request is in support of medical and dental requirements in the Continental United States.

To support medical facility requirements in medically underserved locations we are requesting $38.0 million for a hospital and dental clinic at the Marine Corps Air and Ground Combat Training Center, Twentynine Palms, California. It is imperative that active duty personnel and their families have adequate health care facilities at this isolated location.

The FY 1990 request also includes a substantial investment in facilities that support graduate medical education. These programs provide advanced training for medical personnel needed to meet our critical wartime missions and to provide most of the specialty referral capability in our system. We are requesting $16.0 million for the sixth and final phase of the Madigan Army Medical Center at Fort Lewis, Washington; and asking for $62.0 million for the third phase of the replacement at Brooke Army Medical Center, Fort Sam Houston, Texas. Additionally, we are requesting $8.5 million for the first phase of a hospital replacement at Naval Hospital, Portsmouth, Virginia whose original building still in use was constructed in 1830. The Portsmouth project represents the Department's commitment to replace the oldest facility in its medical facilities inventory. It is a multi-year investment project of $330 million for which full authorization has been requested in FY 1990.

In support of operational and training bases in the contiguous forty-eight states, the FY 1990 program requests $62.0 million for a new hospital at Nellis Air Force Base, Nevada, and $27.0 million for the final phase of the replacement hospital at Fort Sill, Oklahoma. The Nellis project is a joint-venture of the Department of Defense and the Veterans Administration, which will result in substantial savings for both departments. This request identifies the Department's portion of the funding requirement. The Veterans Administration is requesting separate funding of approximately $9.3 million in construction which must be made available along with planning and design funds in order to build this much needed project in an area where local health care costs are extremely high.

Finally, we are requesting funds for a number of smaller, but important, projects that correct life safety and functional deficiencies in our inventory. These are requirements that should not be ignored.

FY 1991 Budget Request

The FY 1991 budget request submitted in January requests $421 million in major construction and $49 million in planning and design funds. Our FY 1991 request reflects the same priorities as FY 1990.

In the aggregate, almost 12 percent of the funding request supports prepositioning of medical readiness assets including the fleet hospital initiatives in the United Kingdom; a second echelon medical logistics storage facility at Aviano Air Base, Italy; and the mission beddown of the stealth bomber squadron at Whiteman Air Force Base, Missouri.

Overseas facilities make up approximately 14 percent of the FY 1991 request. All the projects are replacement medical and/or dental clinics in Germany, Korea, and Turkey.

The majority of the FY 1991 funding request is for replacement hospitals at several of our oldest, yet busiest, multi-disciplinary teaching centers for graduate medical education. Phase II of the Naval Hospital, Portsmouth, Virginia project and the fourth phase of the Brooke Army Medical Center at Fort Sam Houston, Texas, are included.

The remainder of the funding request supports several hospital life safety projects and replacement troop medical and dental clinic projects at military installations throughout the United States.

Items of Special Interest

There are a number of special interest subjects in the Committee's report last year and in the Conference Report (No. 100-912) which I would like to address briefly.

Burdensharing

The Department has made substantial progress in obtaining host nation construction support for medical facilities. We continue to have excellent results financing at least a portion of the U.S. medical facilities through the Japanese Facility Improvement Program (JFIP). In addition, our contingency facilities are being reviewed for eligibility in the NATO Infrastructure Program under the Reinforcement Support Category. All necessary documentation has been completed and the Commander-in-Chief U.S. European Command is presenting medical contingency requirements to the major NATO subordinate commanders. I would also like to report our success in obtaining NATO Infrastructure approval for a portion of two Fleet Hospitals in Norway which were funded in FY 1988. We will certainly recoup a portion of these projects. If NATO funding eligibility is approved for our remaining projects, the earliest Infrastructure funds would be available is the next six-year funding cycle beginning in 1991. Because the requirement for construction support for DEPMEDS already purchased or in the procurement pipeline is so urgent, we seek MILCON funding while at the same time submitting precautionary prefinancing statements to the NATO Progress and Payments Committee.

Foreign Currency

Another ongoing problem faced by all military construction programs is the increasing price we must pay for overseas construction. The decline of the dollar has had a major impact on our purchasing power overseas. In FY 1987, a currency fluctuation account was established within the Department. It has been capitalized with unobligated balances from prior years and some other appropriated funds. Since the Assistant Secretary of Defense for Health Affairs assumed program responsibility relatively recently, we have had limited prior year funds from which to draw to make up for losses due to currency fluctuations. The foreign currency account is a great aid, but it is likely that we will be required to defer the award of some projects to avoid over-obligation until our deposits to the fund accumulate to a more substantial degree.

Medical College of Pennsylvania

As the Committee directed, we have studied the feasibility of using the Medical College of Pennsylvania as a partial replacement for the Naval Hospital Philadelphia or as a Center for Mental Health and the Aging Process. Both the high cost of civilian health care in Philadelphia and the condition of the existing Naval Hospital Philadelphia make it imperative that we seek a cost effective way to provide health care there. We found that the Medical College of Pennsylvania does not have the capability to absorb significant additional outpatient or inpatient workload. The Medical College of Pennsylvania's physical plant is faced with some of the same problems encountered at the Naval Hospital, Philadelphia. There was uniform agreement that the Medical College of Pennsylvania programs in geriatrics might lend themselves to affiliation relationships with the Delaware Valley Health Services System.

Aberdeen Proving Ground, Maryland

Last year the Committee directed the Department to proceed with design and to request construction funds for a 40 bed hospital at Aberdeen Proving Ground, Maryland. We have reviewed the situation at Aberdeen with the Army and have found that the Army does not plan to re-open a hospital there. Additionally, we found the present clinic facility to be adequate to meet immediate needs for health care delivery.

Nellis Air Force Base, Nevada

In an effort to gain efficiencies and maximum use of resources, the Department of Defense and Veterans Affairs are working closely together to develop joint medical facilities. As I mentioned previously, one project where our studies indicate substantial savings can be realized for both Departments is a replacement hospital at Nellis Air Force Base, Nevada. This DoD/VA joint venture will generate substantial savings in construction and operating costs for both participants and satisfy requirements for hospitalization that the VA does not currently provide in-house in Las Vegas.

Last year the Committee directed that the Memorandum of Understanding between the Air Force, who will manage the facility, and the Department of Veterans Affairs be made available for review. The Memorandum of Understanding is being finalized.

Base Closure

The recommendations of the Defense Secretary's Commission on Base Realignments and Closures will impact on a number of medical facilities, on Graduate Medical Education, and on the allocation medical personnel. The Assistant Secretary of Defense for Health Affairs, in his role as the program manager for medical resources, will play a major role in the reallocation of resources to deal with these impacts. If the closure and realignment recommendations are accepted, the Defense Medical Facilities Office staff will work with the Military Departments as they plan their implementation.

Defense Medical Facilities Office

The Department has submitted a report to the Committee which addresses questions raised about programming of medical facilities in the Defense Agencies Budget. The Defense Medical Facilities Office (DMFO) is an effective and innovative means to achieve Department-wide priorities in medical facilities construction. The Services are an integral part of this approach and their cooperation essential.

The Defense Medical Facilities Office has made great strides in just over two years of operation not only in programming the construction of medical facilities but also in planning and maintaining oversight of appropriate design of these projects. The organization has provided for the first time a uniform approach to planning and programming medical facilities. It has been highly successful in providing the construction to support medical readiness and our most pressing facility needs, especially overseas and in medically underserved areas in the United States.

Reductions to the medical construction program since the creation of the Defense Medical Facilities Office are less than those experienced by the construction programs of the Military Departments. However, there is always going to be some variance with Service recommendations based on the most urgent needs of the Department of Defense and in light of the current fiscal environment. We believe the efforts of the DMFO have been successful in prioritizing the medical construction program across the Military Departments and ask for your continued support.

In summary, we appreciate this Subcommittee's support for construction of DoD medical facilities which directly impact on the safety and well-being of the military family around the world. We ask you to look favorably on this year's request.

DOCTORS AND NURSES STAFFING

Senator **Sasser**. Thank you very much, Mr. Dowery. Senator Grassley as I understand it has another engagement. Do you want to proceed first?

Senator **Grassley**. If you would please let me do that, Mr. Chairman.

Senator **Sasser**. I would be delighted to yield to the ranking member at this point.

Senator **Grassley**. Thank you very much for your testimony. I was wondering, is the Department of Defense able to recruit and to retain doctors and nurses to staff the hospitals properly? What is your overview of that situation?

Mr. **Dowery**. Sir, we have a requirement to be sure that we have the staff necessary to support a facility before we can build it. With regard to the recruiting and the maintenance of the staffing requirements of the military forces for medical care, I would like to provide that for the record since we are not in the recruiting business and I would like to get that information for you so it can be absolutely correct.

REDUCTIONS TO PROGRAM

Senator **Grassley**. OK, that is appropriate. Thank you very much. There is a point in your statement near the end, you mentioned reductions to program and you state, "There is always going to be some variance with service recommendations based on the most urgent needs of the Department of Defense and in light of the current fiscal environment."

Now, I understand the fiscal problems but I am confused with the other part of that statement, because I thought that the services were a part of the Department of Defense and I am being a little facetious there, of course and so then I do not quite follow what urgent needs the DOD has that the services would not, since all the medical facilities are still service facilities. Could you explain that?

Mr. **Dowery**. Sure. We have established a prioritization process for determining which facilities have the greatest and most urgent need. Readiness is at the top of that process, so readiness projects are at the head of the requirements list followed by new missions, by medically isolated areas where there is no alternative for care, for overseas projects where they are also isolated and do not have a lot of alternatives, for the graduate medical education programs, then for operational bases, all other bases and all other facilities.

The services do participate in this prioritization process. They provide us with their requirements and we integrate the three services into a single prioritization requirement that is presented to the Congress. From time to time a project that the services have identified to us as a high priority may fall somewhere into the middle of the pack in the overall ranking of those projects.

This organization of the Defense Medical Facilities Office was established in order to try to do the best we can with the dollars that are available without regard for military department, and so a project that is at the top of the list of one department may not fall at the top of the list in the Department's listing.

Senator **Grassley**. So, then, the individual service priority gives way to the overall DOD priority?

Mr. **Dowery**. That is correct, sir.

Senator **Grassley**. Has that sort of prioritization in DOD, priority winning out then, created specific problems meeting the needs of a specific service?

Mr. **Dowery**. Not to my knowledge. We have not had to turn away any of the higher priorities identified by the military departments. Of course, you and I recognize that there is never enough dollars available to do everything for which there is a requirement, so there are things that are left off the table but they are not the highest priorities that are presented to us by any of the departments.

Senator **Grassley**. Are medical contingency complexes at overseas locations considered a higher priority for construction than new and improved facilities on our bases?

Mr. **Dowery**. To a degree that is correct.

Senator **Grassley**. Can you tell me why?

Mr. **Dowery**. The reason for that is we have a great deficit in overseas readiness facilities. That is, there are not enough beds available to support U.S. forces in the event of a combat situation. Dr. Mayer some years ago set readiness as his No. 1 priority in order to correct that deficiency. The Congress has also admonished us for not having adequate facilities overseas in order to take care of combat situations and so we are correcting very quickly that deficiency.

Senator **Grassley**. In your statement you mention the almost 1,200 facilities in inventory and "an urgent need to modernize and replace many of these facilities both to keep pace with the modern medical practices and to meet our wartime requirements for medical contingency support." Do you design and build new hospitals for contingency purposes?

Mr. **Dowery**. Our new facilities that we design, particularly overseas and in the United States, have the capability to support the contingency requirements, yes sir.

Senator **Grassley**. I would like to have you explain how you determine the sizing of a hospital and/or clinic for any particular base. Is it based strictly on active duty population and the dependent population?

Mr. **Dowery**. No, sir; it is based on the active duty and the dependents as the first priority. We then take care of retirees and their dependents based on a cost-effectiveness schedule that we do as a result of an economic analysis in each area where we are going to provide retired care. If it is cost effective we include the capability for retirees and their dependents up to the limit of the staffing capability of the facility.

Senator **Grassley**. Mr. Chairman, I think that I have two or three other questions and I will submit those for answers in writing.

If I am not here when the next witnesses come, I would like to be able to submit questions in writing to those witnesses.

Senator **Sasser**. You certainly may, Senator. Thank you, Senator Grassley. Mr. Dowery, at this point in the record I will insert a copy of a report submitted to the committee as required by last year's conference report on whether medical facilities should be performed in the services budget or in the Defense Agency's budget.

[The information follows:]

REPORT TO THE CONGRESS

"SHOULD CONSTRUCTION OF DOD MEDICAL FACILITIES CONTINUE TO BE PROGRAMMED IN THE DEFENSE AGENCIES BUDGET?"

30 January 1989

PURPOSE

This report, "Should Construction of DoD Medical Facilities Continue to Be Programmed in the Defense Agencies Budget?", is submitted to the House and Senate Committees on Appropriations as directed by language in the Conference Report 900-912 on "Making Appropriations for Military Construction for the Department of Defense for the Fiscal Year ending September 30, 1989, and for Other Purposes." Page 6 of that Report reads as follows:

> Medical Facilities.--The conferees are concerned that Defense Medical Facilities Office (DMFO) budget submissions may not reflect the priorities of the individual Military Services. While the DMFO should continue to be the lead agency for Department wide medical policy, the conferees are concerned that program budgeting and execution of medical facilities may be sacrificed because of competing demands in the Defense Agencies budget. Therefore the Secretary of Defense should reconsider whether it is still appropriate to program medical facilities in the Defense Agencies budget or include the projects in the individual Military Services budget and report the Department's findings and recommendations to the Committees on Appropriations by January 30, 1989.

EXECUTIVE SUMMARY

Military construction for medical facilities should continue to be programmed in the Defense Agencies Budget under the direction of the ASD(HA) and the Defense Medical Facilities Office (DMFO) for the following reasons:

1. There is ample opportunity for the Military Departments to submit their recommendations to the DMFO in the development of the POM and budget submissions to OSD.

2. The medical construction programs developed by the DMFO closely reflect the Services' recommendations and there are adequate forums and procedures for addressing those that are not included.

3. The funding priorities for construction of medical facilities recommended by the Blue Ribbon Panel on the Sizing of Medical Treatment Facilities and directed by the Secretary of Defense have been consistently applied.

4. Funding for the medical construction program under the Defense Agencies has fared as well as or better than the overall funding for the construction programs of the Military Departments.

In response to the concerns of the Congress, it is believed that the needs of the Department, particularly the readiness and quality of life initiatives embodied in the military construction program for medical facilities, are best served by continuing the present DoD policies.

BACKGROUND

In 1985, the Conference Committee on the Military Construction Authorization Act of 1985 included language in their report directing the Department of Defense to establish a Blue Ribbon Panel on the Sizing of DoD Medical Treatment Facilities. This reflected a recognition that the age and condition of many DoD hospitals and clinics as well as the methods for delivering health care would demand the replacement or modernization of these facilities within the next decade.

This panel, composed of nine individuals with extensive experience in the civilian health care sector, met from January through June 1985 to review the criteria for sizing military health care facilities. Their findings highlighted problems in the way the Military Departments planned and programmed construction projects for medical facilities. On 28 June 1985 the completed report was strongly endorsed by the Secretary of Defense and forwarded to the Congress.

Two of the principal recommendations in the Report were:

> 1. "Medical readiness requirements should be the primary criterion for determining the size and composition of the peacetime active duty medical force and of the facilities in the direct-care system. Additions should be made to that force and those facilities: (i) where they cannot provide beneficiaries adequate access to health care overseas or at other locations which are remote from alternative sources for health care; (ii) when valid teaching or training requirements would be met; or (iii) when the cost of providing peacetime care in the direct-care system would be lower than the cost of other alternatives."
>
> 2. "The review of DoD medical treatment facilities and the selection of candidates for funding as medical military construction projects should be consolidated and streamlined, so that all facilities are reviewed by the Office of the Assistant Secretary of Defense (Health Affairs), which will be responsible for selecting those most urgently needing replacement, modification, or modernization, taking into account the recommendations of the Services, and for allocating resources to those projects."

To assist in the implementation of these recommendations, the Secretary of Defense signed DoD Directive 5136.10 on 6 February 1986, which consolidated military medical facility planning and resource management functions. The Defense Medical Facilities (DMFO) was established under the Assistant Secretary of Defense for Health Affairs (ASD/HA) to assume these functions. The organization's focus was on the planning and programming of all military construction projects for medical facilities in addition to the traditional ASD(HA) role in concept design review and maintenance of DoD criteria for medical facility design and construction. The charter of the Office as it relates to the programming and execution of medical military construction projects is stated in DoD Directive 5136.10:

> 1. "Identify priorities for military medical facility construction projects within a consolidated DoD program, taking into account the recommendations of the Military Departments.
>
> 2. "Develop justification and documentation to support and defend the medical facility construction program during the Planning, Programming, and Budgeting System (PPBS) and before the Congress.
>
> 3. "Administer and monitor funds allocation for approved military medical construction projects."

The Directive changed the traditional role of the Military Departments in both programming and planning, but did not alter their role in design and construction. Control over the allocation of funds appropriated was transferred to the ASD(HA). As stated in DoD Directive 5136.10, the Military Departments were to:

> 1. "Recommend projects for inclusion in an integrated DoD facilities construction program.
>
> 2. "Carry out, within resources provided, assigned design, contracting, and construction activities required to accomplish approved medical facility construction projects."

Although not fully operational until October 1986, the Defense Medical Facilities Office (DMFO) began its activities in February 1986 with the presentation to Congress of the FY 87 Medical Military Construction Program under the Defense Agencies budget. The projects in this budget had been planned and programmed by the Military Departments prior to the establishment of the central office.

The DMFO also began to develop policies and procedures for the planning, programming, budgeting, and execution of medical construction projects. To ensure that the interface with the Services was appropriate, the current procedures include a requirement for the Secretary of each Military Department to identify points of contact within their Department. For all Military Departments, the Surgeon General was provided as the point of contact for planning, programming and budgeting. All Military Departments designated their design/construction agents as the point of contact for design and construction activities.

In preparation for the FY 88-92 Program Objective Memorandum (POM) in the spring of 1986, the DMFO also created the framework for the consolidation and prioritization of all DoD medical MILCON requirements. This framework places the highest priority on projects supporting the prepositioning of medical contingency assets; projects at locations overseas and at home where DoD beneficiaries do not have adequate alternative sources of health care; projects providing essential teaching and training of our medical forces; and projects to modernize or replace facilities supporting the operational missions of active duty personnel.

The FY 88-92 POM submitted in May 1986 was the first medical construction program consolidated under the new priorities, policies and procedures. Since then, the DMFO has annually updated a Five Year Program, including the development and submission of the FY 90-94 POM in the Spring of 1988. The organization has also prepared the budgets for FY 88, FY 89, and FY 90-91 and presented them to OSD and to the Congress. DMFO has also managed the allocation of funds appropriated by

Congress in FY 87, FY 88, and FY 89 for design and construction of medical projects.

RESPONSE TO CONGRESSIONAL CONCERNS

To address the questions raised by the Appropriations Committee's Conference Report 100-912 this report:

1. Reviews the process and framework for developing the Program Objective Memorandums (POM) and for the budget submissions to: (a) ensure that the Military Departments have sufficient opportunity to recommend priorities for military construction projects for medical facilities and (b) to identify the extent to which these recommendations are reflected in the medical construction program; and,

2. Assesses how the DoD medical construction program managed by the DMFO has been funded under Defense Agencies relative to how the overall construction programs of the Military Departments have fared in a period of significant budget reductions to many Defense programs.

DMFO Process and Framework for POM and Budget Development

DMFO provides the Military Departments several opportunities to submit priorities for construction of medical facilities and to recommend changes to the POM and budget submissions. These occur at the beginning of each POM and budget development process and prior to the completion and submission of each POM and budget. The decision on how each Military Department elects to develop its recommendations is internal to each Service. In at least two of the three Military Departments, the process is the same one used prior to the establishment of the DMFO. Although most recommended changes are submitted during the POM or Budget review processes, the DMFO's current procedures for the planning, programming, budgeting and execution of medical construction projects also allow the Military Departments to recommend changes to priorities out of the normal POM.

In both the FY 88-92 and FY 90-94 POMs, DMFO issued detailed guidance to the Military Departments requiring prioritized recommendations for development of the POM. When the recommendations were received and consolidated, the results and rationale were presented to the Defense Health Council and representatives of the Military Departments prior to submission of the POM to DoD.

In the FY 90-94 POM development, the process was modified to include review by the Joint Chiefs of Staff (JCS). Additionally, the consolidated POM was presented to the Medical Program Review Committee as well as the Defense Health Council. The Medical Program Review Committee is a formal body of representatives from the programming communities of the Military Departments.

The DMFO is currently performing an annual project update to the current Five-Year Defense Program. The schedule is shown below and reflects several opportunities for the Military Departments to provide additional information and recommend changes. As with previous POMs and consistent with the charter in DoD Directive 5136.10, the ASD(HA) has final decision authority.

Timeline for JCS/Military Department Review of the Medical MILCON FYDP

Date	Task
1 Oct 88	DMFO Program Guidance to JCS/Military Departments
15 Dec 88	JCS/Military Departments Submissions to DMFO
31 Jan 89	DMFO Draft Integrated Priority List to JCS/Military Departments for Review/Comment
15 Feb 89	JCS/Military Department's comments to DMFO
22 Feb 89	DMFO Revised Priority List to JCS/Military Departments
1 Mar 89	DMFO Revised Integrated Priority List to MPRC for Review and Comment
1 Apr 89	DMFO POM Submission to OASD(PA&E) in the DMSA POM

DMFO Funding Priorities

The marriage of the priorities reflected in the submissions and reviews by the JCS and the Military Departments is made by placing the projects submitted and their Service priorities within seven categories which form the prioritization criteria used by DMFO to develop the POM. The following summarizes this framework:

Category	Criteria
Readiness	Fund all projects that support the prepositioning of medical readiness assets and are required to support new line missions.
Overseas	Fund overseas projects necessary to ensure adequate care for active duty and dependents.
Medically Underserved	Fund projects at medically isolated locations in the CONUS where a need exists.
GME	Fund projects supporting valid Graduate Medical Education GME requirements. Limit to the extent possible the number of phase funded projects.
Operational	Fund projects that support line operations where the most urgent need exists.
Training	Fund projects that support training missions where the most urgent need exists.
Other	Fund projects not included in the above where the most urgent need exists.

The process and the framework for prioritization described above have been presented to the Defense Health Council, the Medical Program Review Committee, and the Military Departments. The reaction to the priorities has been positive and the dialogue has produced substantive recommendations that have not only strengthened the program but improved the joint service planning.

This same framework is used in the development of the budget submission to OSD in September of each year. The Military Departments are provided an opportunity to comment on appropriateness of the projects and in particular to their scope and cost. The options available for adjustment of projects are limited because by direction of Congress, projects must have achieved 35 percent design by this time.

In the process for developing the FY 88-89 and FY 90-91 Budget submissions to OSD for review and inclusion in the President's Budget, the Military Departments were afforded the opportunity to review and recommend changes. In special meetings held in August of 1986, 1987 and 1988, the DMFO met with the points of contact in the Military Departments to review the scopes and costs of those projects to be considered for inclusion in the Budget submission to OSD and to receive any recommendations regarding these projects.

The ASD(HA) has placed some ceilings on the various categories to ensure the medical construction program is balanced among funding categories. For example, not more than 60 percent of the program has been programmed for projects in overseas locations. Although this represents a considerably higher overseas funding level than found in the overall construction programs of the Military Departments, DoD's emphasis is on overseas projects which support prepositioning of medical readiness assets and the correction of the most urgent medical facility problems in the inventory which are primarily overseas. This emphasis is appropriate and consistent with the Blue Ribbon Panel's recommendations and the policy goals of the Secretary of Defense for medical construction.

Results of the POM and Budget Submission Process

The consolidation of programming functions for construction of medical facilities under the DMFO was made to ensure that emphasis on medical readiness was maintained, even after budget reductions. A review of the results of DMFO's application of this system shows that the emphasis was placed consistent with the charter given by the Secretary of Defense. For the first two fiscal years in the FY 88-92 POM, 56 percent of the funds was programmed for prepositioning medical readiness assets overseas and for overseas and CONUS medical facilities where alternatives for health care do not exist. In the development of the FY 90-92 POM, just under 54 percent was programmed for projects in these categories.

The budget submission developed from those POMs shows similar results. The Budget submission for FY 88 and FY 89 programmed 64 percent and 56 percent respectively in these categories. The percentage dropped to 43 percent and 27 percent in the recent FY 90-91 Budget submission. This decrease illustrates the progress that has been made in obtaining construction to support our readiness prepositioning efforts and for correcting serious deficiencies in our medical facilities overseas. It also reflects uncertainty on the part of Congress surrounding the future of certain installations overseas.

The extent to which the POMs and Budgets reflect the recommendations of the Military Departments was determined by comparing the results of the FY 88-92 and FY 90-94 POMs with the top 20 priorities submitted by each of the three Military Departments.

Of the 60 top priority projects submitted by the Military Departments in the FY 88-92 POM, 47 were included by the DMFO in the first two years of the POM. The following January, 39 were submitted in the President's FY 88-89 Biennial Budget, despite a substantial across-the-board reduction. Although there were obviously more projects that the Military Departments wanted to be included in the Budget than funding would allow, there were no projects inserted into FY 88 and FY 89 to which the Military Departments formally objected.

The results of the FY 90-94 POM in the Spring of 1988 were similar. Over 87 percent, or 52 of the 60 top priority projects submitted by the Military Departments, were placed in FY 90 and FY 91. Just over 77 percent, or 40 of these projects, were included in the President's FY 90-91 Biennial Budget. This was accomplished within yet another funding reduction.

Each Military Department recommendation not included in the DMFO program has been carefully reviewed. In almost every case, projects were excluded because they had been assigned a lower priority under the DoD prioritization categories explained above. In other instances, it was clear that the project could not meet required and programming milestones directed by DoD and the Congress, that the project should be funded by the Military Department, that the health care requirement could be satisfied without military construction, or that available funding was insufficient.

A number of projects have been inserted or accelerated after the Military Department's review of the DMFO consolidated program. Several examples include: the Hospital Seismic Upgrade at March AFB, CA, added to the FY 89 budget at the request of the Air Force; the Hospital/Dental Clinic Replacement at TwentyNine Palms, CA, in which the hospital and dental clinics were combined into one project; the Hospital Replacement at Portsmouth, VA, which was added to the FY 90 program at the Navy's request; and the Emergency Generator for Letterman Army Medical Center added to the FY 90 budget at the request of the Army.

Comparison of DMFO and Military Department Construction Funding

Another concern expressed by the Congress has been the possible sacrifice of medical construction funding for other Defense Agency's requirements. A comparison of five-year funding levels from September 1986 to September 1988 for major construction of medical facilities with how the Military Departments elected to distribute funding for their military construction programs shows that medical construction has fared better. During this period, the Military Departments reduced their major MILCON programs by an average of 35 percent in order to meet Defense Guidance for their overall budgets, while major medical construction dropped only 13 percent during the same period.

A review of the OSD development of the President's Budget for the years FY 88 and FY 90 indicates that there was no significant percentage difference between reductions to the medical construction program under Defense Agencies as compared to the major construction programs of the Military Departments. The difference was in the percentage range of two percent.

CONCLUSIONS

The findings of this report indicate that the programming process for construction of medical facilities appropriately addresses Service priorities and that funding levels have not been unfairly sacrificed for other Defense Agencies' needs. The findings of this report are:

1. There is ample opportunity for the Military Departments to submit their recommendations to the Defense Medical Facilities Office.

2. The medical construction programs developed by the DMFO closely reflect the Services' recommendations. This has been accomplished using a strong framework for prioritization of construction requirements and within the budget constraints of the Department. There are adequate forums and procedures for addressing those projects that are not included.

3. The funding priorities for construction of medical facilities as recommended by the Blue Ribbon Panel on the Sizing of Medical Treatment Facilities and directed by the Secretary of Defense have been consistently applied by the DMFO. This has resulted in the programming of all projects to preposition medical readiness requirements and to correct many of the serious deficiencies that have existed in our medical facilities overseas and in this country.

4. There is no evidence that the medical construction program now in the Defense Agencies account has fared poorly, especially when compared to the major military construction programs of the Military Departments. A better five-year funding profile has been maintained in recent years for the medical construction program under Defense Agencies than experienced by the Military Departments for their own programs. OSD has treated the medical construction program as well as the programs of the Military Departments during the preparation of the President's Budget.

In summary, this report recommends that the Department's present policies on the programming of medical facility construction be continued.

JOINT-USE

Senator **Sasser**. Now, if the committee finds as we have in the past, that lower-priority medical facilities are crowding out other higher-priority military construction, then we are going to raise the issue again. As you know, Mr. Dowery, the military construction budget is getting pretty lean and the report before us indicates that your program closely reflects the priorities of the services and I want you to know that we expect close cooperation with the services and we do not want a repeat of what we saw last year in Korea.

Now, let me commend the Department for programming Senator Reid's project in Nevada. Senator Reid has been very, very interested in the joint use facility at Nellis Air Force Base. I frankly support joint use to the maximum extent possible. I believe that whenever we can save money by joining with the Veterans Administration in joint-using a facility that is what we ought to do. Are you looking at any other joint-use facilities, Mr. Dowery?

Mr. **Dowery**. Yes, sir; currently we are looking with the Navy at the opportunities for a joint-use facility in Philadelphia. As you know, Philadelphia was on the closure list but it was not determined that it was not necessary to have a hospital there. We think the best solution is a joint-use facility with the Veterans Administration and that is proceeding.

Senator **Sasser**. Well, how do you negotiate with the Veterans Administration for their share of the construction?

Mr. **Dowery**. We try to determine each agency's representative share of that construction and assign the cost of that appropriately to one or the other.

The experience that we have had in the past, we suggest that that space that is going to be basically, or a percentage of the space that is going to be to support a service or the Veterans Administration is paid for in that amount.

Senator **Sasser**. Well, I know the cost-sharing formula has already been established at Nellis, but my concern is this. You are providing the Veterans Administration with 52 of the 128 beds. That is over 40 percent of the beds, but we find that the VA is paying only $9.3 million toward the cost of construction. Now, that is only 13 percent of the construction cost. It seems to me that you did not negotiate a very good deal with the VA. Why did we not get a larger contribution there?

Mr. **Dowery**. Sir, the contribution was based primarily on the inpatient facilities for the facility. The Veterans Administration is continuing to operate their clinical facilities in the city of Las Vegas, so it will be the inpatient side that is being negotiated for and that works out to an appropriate contribution on their part.

Senator **Sasser**. Well, we are going to expect a little tougher bargaining on behalf of DOD the next time they set around the green felt table there with the Veterans Administration.

I have one final question. Last year, the Congress placed in the military construction bill at the request of Senator Burdick $1 million for design of an aerospace medical facility. Senator Burdick is a senior member of the full Appropriations Committee.

Now frankly we viewed this commitment as a solemn commitment of the subcommittee and the conferees, and we do not want to see the Department of Defense procrastinate or seek to shove this project aside. What is the status, and when will design initiate?

Mr. **Dowery**. Sir, several weeks ago a meeting with Senator Burdick and other members of the committee with interest in this project met with the Defense Agency's representatives and we have been working since your recommendation that we do this to find an appropriate sponsor and a need for the facilities that are being recommended.

We have been unable to find a need within the Department and this project is right now at the Secretariat level for resolution. So we have done everything that we possibly can to support it but have not been able to find a need for it within the Department and so it is now with the Secretariat's Office.

Senator **Sasser**. Well, we put the funds in your budget to go forward with this and we frankly do not want to see congressional intent frustrated here. Now, Mr. Dowery this project is your responsibility and we think that you must be an advocate for it within the Department of Defense structure and we fully expect this to be worked out to Senator Burdick's satisfaction by the time we go to markup. Do you have any further questions, Senator Grassley?

Senator **Grassley**. No, thank you.

Senator **Sasser**. Mr. Dowery, no further questions, and we thank you for appearing here today.

DEFENSE LOGISTICS AGENCY

STATEMENT OF DONALD B. SHYCOFF, DEPUTY COMPTROLLER

PREPARED STATEMENT

Senator **SASSER**. Mr. Shycoff, we are delighted to have you here this morning representing the Defense Logistics Agency and you may proceed with your statement, thank you.

Mr. **SHYCOFF**. Thank you very much, Mr. Chairman. With your permission I will put my entire statement in the record and I would like to walk through a few VuGraphs to give a little overview of the Defense Logistics Agency.

Senator **SASSER**. We will include your statement in the record as if read.

Mr. **SHYCOFF**. Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF DONALD B. SHYCOFF

I am Don Shycoff, Deputy Comptroller of the Defense Logistics Agency (DLA). I appreciate the opportunity today to discuss DLA's programs and our current Fiscal Years (FYs) 1990 and 1991 Military Construction and Family Housing requests.

Overall Request

Our Military Construction request for FY 1990 is $99,516,000. It includes eight major construction projects at a total cost of $88,516,000 plus $11,000,000 for the construction of conforming storage facilities at various worldwide locations. In FY 1991, we are requesting $95,200,000. Included in our request are 15 major construction projects at a total cost of $80,200,000. The remaining $15,000,000 of our FY 1991 request is for conforming storage facilities. We are also requesting a Family Housing program of $820,000 in FY 1990 and $644,000 in FY 1991.

Mr. Chairman, compared to our FY 1989 program of $44,380,000, this is a very large percentage increase in the current fiscal environment. However, in comparison to our existing structure, the size of our business, and the new requirements being placed on the agency, the amount of our request is probably still too low. DLA's overall budget is down 1% in real terms. However, the condition of our facilities and our overall facilities requirements are such, that we decided we had to make the front end investments now, if we are going to meet our responsibilities with the constrained resource situation we are sure to face in the future. I hope I can convince you and the committee that our request represents a worthwhile investment in readiness, productivity, and the protection of the environment.

The readiness of our military forces depends, among other things, on prompt response on DLA's part to their demands for our materiel. As I will try to illustrate, the materiel we provide them is essential to their operations. To meet their demands, we have an urgent need for increased capacity. Our current warehouses, approximately 70 percent of World War II vintage, lack the configurations, due to low ceiling heights and close columnar spacing, to accommodate modern mechanized systems or increased volume. In addition, most of our warehouses are operating at 95 percent capacity.

In the area of productivity, I believe the record demonstrates that this agency has done very well in achieving productivity savings. I am convinced that we can do a lot more, and we are committed to doing so. In building the budget requests for FY 1990 and FY 1991, we estimated that our workload would be level with FY 1989, but that our employees in the primary mission areas would be 5 percent more efficient. We intend to do this by making up front investments in operating equipment, office automation equipment, and real property maintenance projects. We are trying to provide our employees with the tools and the environment that will foster increased efficiency. These are all near-term solutions. In the long-term, we need to expand, upgrade, and replace our current facilities.

Finally, regarding the environment, the most difficult challenge we face today is our responsibility to contract for the ultimate disposal of hazardous and toxic material. I'm not talking about ammunition and nuclear waste, but paints, solvents and the like which can damage our environment. In our continued efforts to conform to the Resource Conservation and Recovery Act of 1976, we continue to experience delays in obtaining permits. Thus, our budget request is well below our overall requirement.

DLA Workload

Our workload reflects the demands placed on the Agency by its Military customers. We buy, store, and issue just about all of the fuel, food, uniforms and textiles, and medical supplies. In total, DLA manages over 60 percent of the consumable items in DoD. During FY 1988, DLA received about 29 million service requisitions; bought and sold $10.8 billion worth of supplies; awarded over 1.4 million contracts through our Supply Centers; received and shipped 20.4 million line items at our Supply Depots; made payments of $51 billion to contractors, while processing nearly 2 million invoices.

Items we manage are used by every major weapon system in our operating force. The Military Services have identified about one-third of the items we manage as being critical to the operations of these weapons systems. Those items represent approximately 50 percent of the requisitions we receive.

We perform Contract Administration Services for DoD, NASA, and certain other federal agencies. In doing so, we deal with approximately 30,000 contractors. This involves assuring that the contractor's total performance is in accordance with contractual commitments, assuring contractual quality requirements are met, and paying contractor invoices.

We also operate the Federal Catalog system, which provides descriptive and technical information on over 5 million items to DoD and other users. In addition, we have recently been assigned responsibility for managing the National Defense Stockpile.

Our responsibility for management of the reutilization and marketing of excess Department of Defense property involved the receipt and disposal of over 6.6 million items during FY 1988.

In summary, DLA is not an administrative agency that develops policy, and issues guidance. We issue supplies which we have bought and stocked. We do the action, hands-on work that I have described. As such, we are an integral part of the Military Services' logistics readiness system.

Detailed Justification

Now that I have provided you with some background on our overall mission, let me discuss how our FY 1990 and FY 1991 Military Construction requests support essential DoD programs, respond to concerns about the environment, and strive to increase the efficiency of this agency.

Approximately 50 percent of our FY 1990/1991 program is in support of our depot operations. We operate six supply depots which store and issue food, clothing, medical supplies, and most of the hardware items needed by our Armed Forces. In the past several years, the number of DLA-stocked items has grown due to increased item delegations from the Services. Storage space occupancy is following the same general course. DoD standards recommend no more than an 85 percent occupancy rate for a warehouse to allow for necessary operating space. Our average occupancy rate is now at 95 percent. This significant increase in materiel in storage without a commensurate increase in available storage space, has caused operational problems, impeded efficiency efforts and reduced inventory accuracy. The critical shortage of available space necessitates expending additional resources to rewarehouse materiel in order to accommodate incoming stocks. Where possible, we are currently obtaining more efficient use of our warehouse space through increased use of modern storage aids. As previously noted however, many of our warehouses were designed and constructed over 45 years ago, and cannot be configured to use modern hi-rise pallet and rack storage systems. In addition, the age and general deterioration of these facilities results in high annual repair and maintenance costs.

Because we have experienced increased storage requirements, we have included in our Military Construction budget request $43 million in FY 1990 and $50.7 million in FY 1991 for various major depot projects. These projects will alleviate a portion of the critical shortage of adequate storage space. As part of our multi-year systematic plan to replace our outmoded and substandard warehouses, we have included three storage facility projects in FY 1990.

These projects are located at our depot in Tracy, California, our depot in Columbus, Ohio, and our depot in Richmond, Virginia. At Tracy, California, we are requesting a Subsistence Warehouse. This proposed 388,696 SF facility will allow us to consolidate all Troop Issue subsistence and semi-perishable Direct Commissary supply support for 13 western states, Alaska, Hawaii and the Pacific area. The project is a high bay storage facility that will greatly enhance the efficiency of operations and reduce operating expenses. Currently, this materiel is stored in a WWII warehouse located at the Alameda Annex of Naval Supply Center, Oakland (over sixty miles from Tracy), and two WWII warehouses at the Tracy depot. The Alameda facility is in a serious state of deterioration and is planned for demolition by the Navy, necessitating our relocation. Consolidation of the subsistence mission at one site will free up over 560,000 SF of warehouse space at the depot for non-subsistence supply operations, improve operational efficiency, and partially alleviate our critical space shortage. The project will also save transportation expenses by elimination of the need to move materiel the sixty miles to the Alameda Annex.

At Columbus we are proposing to construct a 200,000 SF Bulk Materiel Warehouse. Currently, incoming bulk stocks are stored in three separate warehouses on the depot. Two are WWII and one is of WWI construction. They are not suited for application of modern storage aids due to their low ceiling and columnar supports. This also restricts the use of forklifts and the separation of the function prohibits efficient operations by requiring excessive intra-depot movement of materiel.

At Richmond our program includes construction of a 119,265 SF Hazardous Materiel Warehouse. The number of items classified as hazardous to the environment continues to grow. As this list expands, it increases the amount of conforming storage space DLA needs to comply with EPA standards. Our Richmond depot is the east coast distribution center for flammables, corrosives, oxidizers, reactive and poisonous types of hazardous materiels used by the Services in the eastern states and Europe. This project would eliminate the use of noncompliance storage space and free-up existing warehouse space for other purposes.

In our FY 1991 budget proposal, we are requesting $41.7 million to continue our planned replacement of outmoded warehouses through construction of a general purpose warehouse at our Tracy depot, and two general purpose warehouses at our depot in Mechanicsburg, Pennsylvania, and a general purpose warehouse at our Memphis, Tennessee depot.

Also at our Mechanicsburg depot, we are requesting $1.1 million to upgrade and expand the facility used for repair and overhaul of industrial plant equipment. This equipment is used by the Services in shipyards and rework facilities to maintain major weapons systems, and is a national reserve for industrial expansion during mobilization. Our FY 1991 request also includes $2.12 million for covered and open storage in support of our increasing lumber supply mission at Mechanicsburg.

We are also requesting two facilities for consolidation and upgrade of maintenance and repair functions. At our Tracy depot we are asking for $950,000 to provide a new maintenance facility for repair of vehicles, materiel handling equipment and railroad switch engines. It will replace a 1942 facility that has deteriorated beyond economic repair. At our Richmond depot we are requesting $4.9 million for a consolidated maintenance facility that supports not only a more mechanized depot system but also a collocated supply center. Currently, the maintenance facility consists of two remote and separate locations causing long distance hauling of mechanical/industrial equipment. This results in loss of maintenance personnel time in pickup and delivery, increases repair time for preventative maintenance, and causes lost productivity in depot operations due to equipment failure. The consolidation would also release over 35,000 SF of prime warehouse space.

For our Defense Reutilization and Marketing Offices, we are seeking $2,750,000 in FY 1990 and $3,400,000 in FY 1991 for their upgrade. This includes major projects at our CONUS offices in Eglin, Florida; Anniston, Alabama; Stockton, California; and Ft. Jackson, South Carolina. There is a need to upgrade existing facilities and provide new facilities for the reutilitzation and marketing offices to carry out the disposal and reutilization mission. These projects all provide new covered storage space as well as open storage areas. Materiel at these offices is currently being stored either outside where it is exposed to the elements and, therefore, looses some of its resale value, or in warehouses which are inadequate for efficient storage and handling of excess property.

Approximately 25 percent of our FY 1990/1991 program is in support of the fuel facilities operations. DLA is the DoD worldwide manager for wholesale bulk petroleum, oil, and lubricants (POL). In connection with this responsibility, our request includes $25,300,000 in FY 1990 and $21,700,000 in FY 1991 for POL facilities - storage tanks, a fuel pier, a fire protection system, and an automated pipeline.

For FY 1990, our fuel projects include replacement of a fuel pier and automation of a petroleum pipeline. At the Defense Fuel Support Point, Manchester, Washington, we have a project to provide a new fuel pier to accommodate newer tanker-type vessels for fueling operations. This pier will replace one which is structurally unsound. The present pier is still usable for loading and unloading fuel, but due to the corrosion the structural integrity of the pier has been reduced so much that when winds exceed a velocity of 40 knots, tankers must "stand off" thus interrupting fuel delivery/receipt operations. In addition, we are anticipating increased Manchester traffic due to the expected closing of Defense Fuel Support Point pier at Mukilteo, Washington, in June 1989. Increased usage will put an additional strain on the already weakened structure.

At the Defense Fuel Support Point, Searsport, Maine, we plan to provide centrally controlled automation, as well as security improvements, to the Searsport/Loring Air Force Base 200-mile long pipeline. Automation will permit a reduction in pump station personnel as well as guard and security forces. We expect the project to pay for itself within five years.

In FY 1991, we plan to construct replacement fuel tankage as well as a fire protection system. Our fuel tankage project will be at Norfolk, Virginia, the largest fuel support point in the United States, annually handling over 20 million barrels of fuel for the Navy, Coast Guard, and Army. The project will replace twelve underground fuel tanks which have serious water infiltration and fuel leakage problems. The facility does not conform to current Environmental Protection Agency (EPA) requirements and is a growing environmental hazard. This project also includes the decommissioning of the replaced tanks to be filled with sand to comply with EPA regulations, and the removal of buried piping system associated with these tanks.

At the Defense Fuel Support Point, Jacksonville, Florida, we plan to replace a 35 year old fire protection system, which is inadequate in size and capacity for fighting tank fires. The current state of the system constitutes a safety hazard with a potential for losses of large volumes of fuel and storage capacity. This project will bring the terminal into conformance with applicable federal, state, and local regulations.

Since 1980, DLA has been tasked with disposing of hazardous waste generated by DoD and with constructing facilities for the temporary storage of hazardous waste in conformance with federal and state environmental regulations. Our request for conforming storage facilities at some of our Defense Reutilization and Marketing Offices located around the world include $11,000,000 for FY 1990 and $15,000,000 for FY 1991, approximately 12 percent of our program for each year. We continue to find it difficult to forecast exactly which facilities will receive construction permits in any given year. Through FY 1991, we anticipate $36,000,000 in projects being ready for award but are requesting only 70% of our expected program due to the permit uncertainty. As in prior years, we are requesting single line item approval so that we can award projects as we receive permits. We will continue to notify the appropriate committees prior to the construction of each project.

Finally, our Military Construction request reflects our efforts to modernize our facilities and improve working conditions at our supply centers and Defense Contract Administration Services Regions. We believe that these investments will result in higher morale and increased productivity; hence, improved readiness. These efforts include a new ADP facility in Columbus, Ohio, and demolition/paved parking in Philadelphia, Pennsylvania ($17,400,000) in FY 1990, and the rehabilitation of a Contract Administration building in Chicago, Illinois in FY 1991.

The project at Columbus will house the ADP operations of three separate DLA activities: the Defense Construction Supply Center, the DLA Systems Automation Command, and the DLA Automated Information Processing Center. The exisitng ADP facilities are inefficient and deteriorated beyond economic repair. These facilities were converted in 1961 from the original warehouses that were built in 1942. Ventilliation is a constant problem and could eventually cause equipment failure. There is no additional space available to accommodate the programmed ADP oprational mission.

The project at Philadelphia will demolish an existing 70 year old warehouse at the Defense Personnel Support Center, which is structurally unsound and a potential health and safety hazard. Due to the location of this Center, costs for disposal and asbestos removal are exceptionally high. It will also convert the vacant area into a secured parking area for the employees.

The facility at the Defense Contract Administration Services Region in Chicago, where we are a tenant of the 928th Air Force Reserve located on the airfield of O'Hare International Airport, is in extremely poor condition. The working conditions are very bad due to inadequate electrical wiring to support the mission. Poor lighting, exposed duct work, ADP cabling, and wire-mesh walls have been cited as fire and safety hazards. This overcrowded facility is both functionally unproductive and bad for employee morale. If we expect our employees to increase productivity by 5 percent per year, we must do our part in providing decent working conditions. Therefore, we plan to do a complete renovation of this facility in FY 1991.

Family Housing

Our Family Housing request for FY 1990 is $646,000 in operation and maintenance authority and $173,000 in construction authority. We have substantially increased the number of maintenance and construction projects in our effort to improve our 70 family housing units. Fifty-two of these units were built prior to 1960 and are in need of renovation and a general upgrade to improve the quality of life for the military families residing in the facilities we manage. In FY 1991, we are requesting $601,000 in operation and maintenance and $43,000 in construction authority. Mr. Chairman, this is our obligation to continue to overcome past neglect on our few installations.

Summary

In closing, our military construction requests for both FY 1990 and FY 1991 will result in the improved efficiency of our operations and in the increased readiness of the Armed Services. Mr. Chairman, I would like to say again that I appreciate the opportunity to be here today and I will be pleased to answer any questions you or the Subcommittee members may have.

SUMMARY

Mr. Shycoff. Mr. Chairman, it has been our experience that as we come up here too many people do not have a good idea as to what the Defense Logistics Agency is all about and so I thought I would give you a little background to set a frame of reference for our military construction budget.

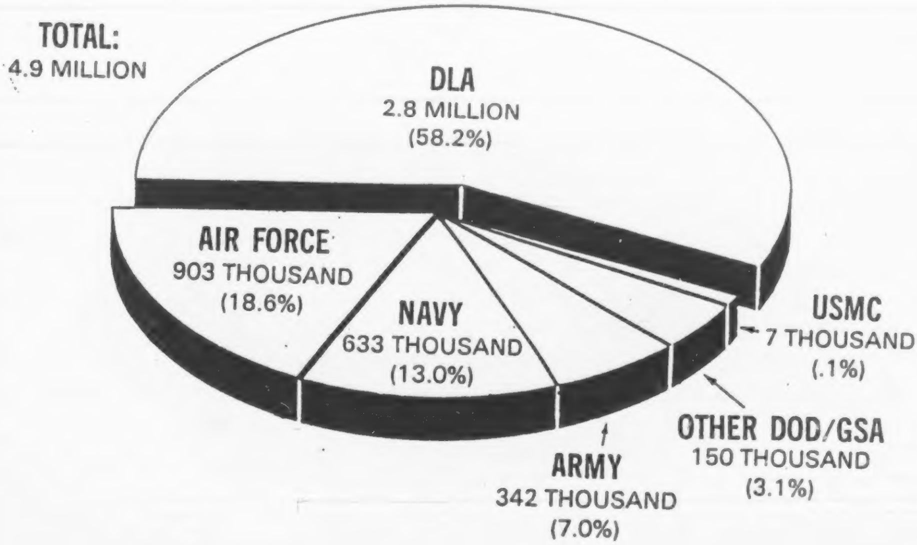
As you can see, we are involved primarily in the supply business but you will also see we provide other technical and logistic services to the military departments. We are involved with the contract administration regions and we have just recently picked up the responsibility for the national stockpile. Not shown on this chart are the numerous fuel storage sites all around the world. It is the supply depots, the reutilization and marketing offices and the fuel that primarily drive our military construction requests.

Defense Logistics Agency

Six supply depots; 6 supply centers (inventory control points); 217 defense reutilization marketing offices; 8 defense service centers; 9 contract administration regions; and 102 national defense stockpile storage locations.

DoD ITEM MANAGEMENT

FISCAL YEAR 1988



We are very proud of the DOD supply system. You will see here that we manage almost 60 percent of the items in the entire Department of Defense. In the Department of Defense we have a one item and one manager system for each item. We manage, as I said, about 60 percent and this gives you a breakout of what that looks like.

Defense Logistics Agency annual workload

[Fiscal year 1988]

Requisitions filled	28,800,000
Value of items purchased	$10,300,000,000
Supply contracts awarded	1,400,000
Value of invoices paid	$51,000,000,000
Lines received/issued	20,400,000
Tons received/issued	1,500,000

The next VuGraph gives you some of the gee-whiz statistics to show that we are involved in quite a bit of volume. We fill almost 29 million in requisitions. We buy and sell, through our stock fund, almost 11 billion dollars' worth of items for the military departments, the biggest single one being fuel. We buy most of the fuel for the Department as well as most of the clothing, subsistence, and quite a number of spare parts.

Senator SASSER. You say fuel. Are you talking about fuel for aircraft, ships, et cetera.

Mr. SHYCOFF. Yes; we buy it all. You see it in the budget when it comes up to you as part of the flying hour program or the operations program. They buy their fuel—or we buy it and then they buy it back from us. We run a revolving fund to meet their requirements.

Senator SASSER. Do you happen to know offhand what percentage of fuel is purchased domestically and what percentage of that fuel would be purchased abroad?

Mr. SHYCOFF. No; I do not. I would have to provide that for the record.

[The information follows:]

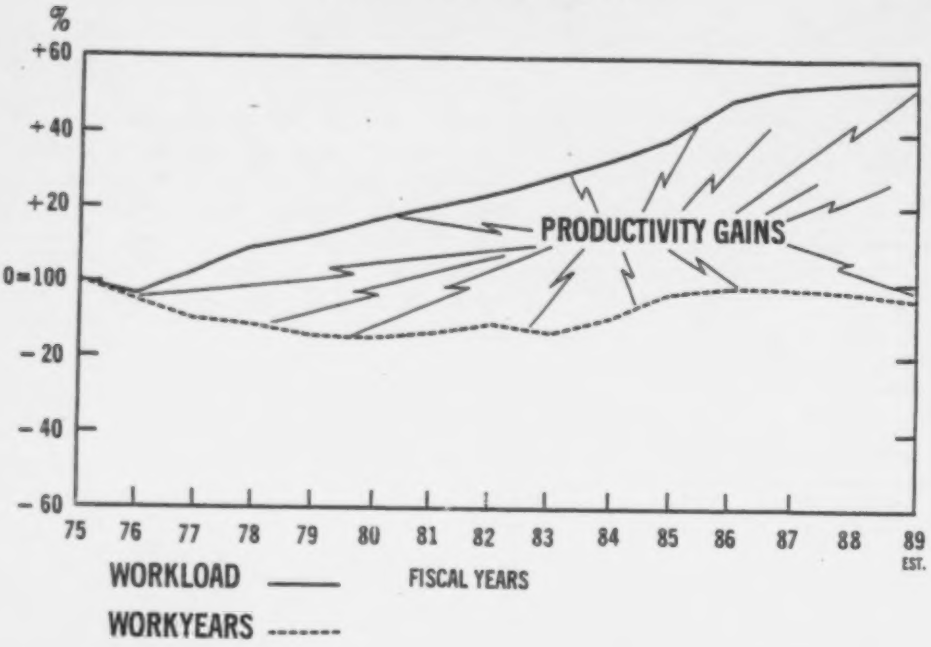
Approximately 70 percent of DLA's fuel requirements are met by domestic purchases. The remaining 30 percent are obtained from foreign sources.

DLA PRODUCTIVITY

Mr. SHYCOFF. You noticed we award about 1.4 million contracts a year. Over 98 percent of the items we buy are small purchases. They are worth about $25,000 or less. We are the paying activities for the services for many of their contracts around the country and we carry 51 billion dollars' worth of invoices.

Our depots have 21 million line items and ship about 1½ million tons. Again, the numbers themselves are not important as much as an indication of the volume.

DLA PRODUCTIVITY



We think we do our job very well and this chart indicates something that we are kind of proud of. Starting back about right after Vietnam, about 1975, the top line shows the growth in workload in terms of the various items that are assigned to us, and the bottom line shows the number of people we have had on hand. You will notice it is about flat, so we have about a 60-percent increase in the workload and have today the same number of people as we had back when we started.

The next one, please.

DEFENSE LOGISTICS AGENCY FISCAL YEAR 1990/91 BUDGET REQUEST

[In millions of dollars]

	Fiscal year—		
	1989	1990	1991
O&M	2,164.7	2,087.0	2.033.0
Procurement	75.8	137.8	134.4
RDT&E	61.2	63.4	74.4
Family housing	.5	.9	.7
Military construction	41.4	99.5	95.2
Stock fund	25.0	119.1	176.3
Total	2,368.6	2,507.7	2,514.0

This summarizes our fiscal year 1990–91 budget request. The relevance here is that as we put our budget together, we gave priority to our investment accounts, both procurement and military construction. You will see that we have an increase of over 100 percent in our military construction program. But, in total, the dollar value of our program growth in 1989 and 1990 in real terms, came down about 1 percent and in 1991 come down about another 4 percent.

What we are counting on is that as we make this investment, we can significantly improve the productivity that you have seen in that previous chart. And, if we can go along and keep making these front-end investments, that the total DLA budget will continue to come down in real terms in the future.

So, although in percentage terms our military construction budget will attract a lot of interest in this fiscal environment. I am hoping that in consideration of the total the committee will see fit to approve our entire request.

Fiscal year 1990 Milcon budget program

	Cost
Depot/storage facilities:	
Tracy, CA: Subsistence warehouse	$24,000,000
Columbus, OH: Bulk storage warehouse	13,000,000
Richmond, V: Hazardous material wrhs	6,066,000
Total	43,066,000
Fuels:	
Manchester, WA: Fuel pier	22,600,000
Searsport, ME: Terminal automation	2,700,000
Total	25,300,000
Reutilization/marketing facilities: Eglin, FL: Covered/open storage.	2,750,000
Operations facilities:	
DCSC Columbus, OH: ADP facility	13,600,000
DPSC Philadelphia, PA: Demolish Bldg M5/PA	3,800,000
Total	17,400,000
Conforming storage: Various locations	11,000,000
Total	99,516,000

The next chart shows our budget itself, and you can see that what we are talking about is storage facilities, fuel facilities, their utilization and marketing facilities where we collect all the surplus items of the Department or try to get them reutilized, and an ADP facility in Columbus.

Fiscal year 1991 Milcon budget program

	Cost
Depot Storage Facilities:	
Tracy, CA:	
Consolidated maintenance facility	$950,000
General purpose warehouse	15,300,000
Mechanicsburg, PA:	
Upgrade IPE Building	1,100,000
Two general purpose warehouses	14,500,000
Bituminous hardstands	1,100,000
Lumber storage area	520,000
Concrete hardstand	500,000
Richmond, VA: Consolidated maintenance facility	4,924,000
Memphis, TN: General purpose warehouse	11,860,000
Total	50,754,000
Fuels:	
Norfolk, VA: Fuel tankage	19,500,000

Fiscal year 1991 Milcon budget program—Continued

Jacksonville, FL: Fire protection system	2,200,000
Total	21,700,000
Reutilization/marketing facilities:	
Anniston, AL: Opns facility/open storage	2,100,000
Stockton, CA: Covered storage/skylights	800,000
Fort Jackson, SC: Open storage improvements	500,000
Total	3,400,000
Operations facilities: DCASR Chicago: Rehabilitation	4,346,000
Conforming storage: Various locations	15,000,000
Total	95,200,000

The next one shows an overview of the same kind of things for 1991.

Mr. Chairman, that completes my prepared remarks. I will be happy now to answer any questions.

Senator SASSER. Thank you, Mr. Shycoff. The DLA request this year is for almost $90 million. That is almost twice the level provided for each of the last 6 years.

Now, I suppose you realize that when you grow to this extent at the time when the overall military construction budget is declining by 8 percent in real dollars that you are crowding out other important military construction projects.

Now, my question is why is there such an increase for DLA? Why is your increase a higher priority than those for barracks and family housing projects in the Army, for instance, that were cut from the budget because agencies like yours received a 100-percent increase? What is the answer to that question, Mr. Shycoff?

Mr. SHYCOFF. Senator, it is obviously difficult for me to talk about the other services, but it is within the Department's system. We were given the control figure. And, as I previously indicated, within our total which does show a decline in real terms from between 1989 and 1990 and between 1990 and 1991, we gave priority to this account.

I think the fact that our 1989 number and the previous year's was so low is something we need to correct. We have over 4 billion dollars' worth of property in the number of warehouses and we have, over 200 some warehouses, many of them of World War II vintage. They are very old.

Most of our facilities are very old and need to be replaced, in addition to which the working conditions there are bad. We have a lot of our warehouses vastly over capacity and higher than the DOD totals. I think we felt and the Department obviously went along with us that the way we prioritized our budget mission with this front-end investment would give us a payoff in the back.

As I indicated, our budget submission has a 5-percent productivity increase in 1990 in our O&M account and two-thirds of our O&M budget is people. Our 1991 budget has another 5-percent productivity increase.

These are savings that will go on forever, and so we need to make these front-end investments both in here and in the procurement account because you will see that that is also up significantly. And I think in the long run we will continue to see a reduction in the DLA budget.

— Senator **Sasser**. Mr. Shycoff, I know that this subcommittee does not have jurisdiction over the subject that I am going to mention now, but I am concerned with the issue of the Army's extended cold weather closing purchase. Can you give me an update on that?

Mr. **Shycoff**. I am afraid I would have to provide for you on the record where we are on that one, Senator Sasser.

Senator **Sasser**. Well, would you do that, Mr. Shycoff, in a timely fashion?

[The information follows:]

The Extended Cold Weather Clothing System (ECWS) is a head-to-toe system incorporating the latest technology in cold weather clothing. It is designed to provide soldiers increased environmental protection and to provide a substantial weight reduction over the current standard cold weather clothing.

In fiscal year 1987 and fiscal year 1988 the Defense Stock Fund awarded contracts totaling about $50 million for ECWCS components for delivery in late fiscal year 1988 and fiscal year 1989. In fiscal year 1989 the Defense Stock Fund will contract for approximately $22 million to satisfy known requirements. The estimated target award date for these contracts is July 1989.

Senator **Sasser**. I am advised by the clerk that we would need to have those responses by Wednesday to be included in the record. We have additional questions here from Senator Grassley which will be included for the record which we would also ask you to respond to by Wednesday.

We have been joined by Senator Stevens. Do you have any questions, Senator Stevens, or any comments at this time?

STATEMENT OF SENATOR TED STEVENS

Senator **Stevens**. No; I am sorry to have been late, Mr. Chairman. What I really came over for is I did notice there is a substantial increase in your request this year. Is that detailed in your statement? I was looking it over quickly.

Mr. **Shycoff**. Yes, sir, it is, Senator Stevens. As I just indicated to Senator Sasser, we have made a concerted effort to give priority to upgrade the level of effort and the level of expenditure within our total for military construction.

You will see in our statement a justification for each of the items, but in total I am positive in my own mind that we have to make that higher level of investment. We will get a payment out of our depots by doing that.

In one case our most significant project, a subsistence warehouse at Tracy, CA, we are moving out of a real dilapidated warehouse in Alameda on a Navy facility. The facility has been turned over to the local community. The nature of those old World War II facilities is that we can get a significant improvement in payback in the out-years. This agency, in prioritizing its budget within the control figure we have, which is in real terms about 1 percent less than 1989, has a negative program growth, down 1 percent when contrasted with the DOD increase of 2 percent. I am talking about the budget as it is updated today.

Senator **Stevens**. Your military construction budget is up substantially, right?

Mr. **Shycoff**. Right, and that was a concerted effort on our part because within the total we wanted to prioritize both the military construction and the procurement account to make that front-end investment.

Senator **Stevens**. I will take a look at it, too, Mr. Chairman. Thank you very much.

Senator **Sasser**. Thank you, Senator Stevens. Thank you, Mr. Shycoff for testifying here this morning on behalf of the Defense Logistics Agency.

DEPARTMENT OF DEFENSE SCHOOLS

STATEMENT OF BARBARA SPYRIDON POPE, DEPUTY ASSISTANT SECRETARY OF DEFENSE (FAMILY SUPPORT, EDUCATION, AND SAFETY)

PREPARED STATEMENT

Senator SASSER. Now, our next witnesses will represent the Department of Defense schools, and if you would please come forward and state your names—name or names for the record, you may proceed.

Ms. POPE. Thank you, Mr. Chairman. I am Barbara S. Pope, Deputy Assistant Secretary for Family Support, Education, and Safety. I do have a written statement that I would like to submit for the record and open with some brief remarks.

[The statement follows:]

STATEMENT OF BARBARA SPYRIDON POPE

Mr. Chairman and Members of the Committee: I am Barbara Spyridon Pope, Deputy Assistant Secretary of Defense for Family Support, Education and Safety. I am pleased to have the opportunity to appear before you today to present the fiscal year 1990/91 Military Construction (MILCON) program for the Department of Defense Dependents Education Program which consists of the overseas DOD Dependents Schools (DODDS) and the stateside Section 6 Schools. The total military construction currently requested in fiscal year 1990 is $66.9 million and $91.6 million in fiscal year 1991.

DODDS has 271 schools located in 19 countries to serve the 151,778 DOD students overseas. Many of the schools overseas were established over the past 40 years in temporary, converted, and make-do facilities which remain in use today and are inadequate for the provision of a quality education for DOD dependents. While the DODDS programming of military construction over the last 10 years has improved this situation, many schools still exist which have deficient conditions due to age of facilities, increasing enrollments, changing military missions and specialized educational program requirements. DODDS is frequently cited by the North Central Association of Colleges and Schools for the existing inadequate school conditions. These citations jeopardize accreditation unless DODDS can demonstrate that positive steps are being taken to correct the deficiencies. Appropriate references from the NCA reports have been included in the MILCON project documentation. For example, the requirement for the new Edwards Elementary School project in Frankfurt is well-documented by NCA accreditation reports which cite the facilities' deficiencies such as (1) the size and design of the buildings were not adequate to meet the needs of the educational program (lack of classroom space), (2) the teaching stations were not appropriate to meet the physical needs of the students (classes held in converted garages and family housing units), (3) inadequate facilities for specialized instructional areas (computer classrooms and special education), and (4) the facilities did not meet legal safety requirements (dark hallways and only one exit).

DODDS has made significant improvement during the last 2 years in stabilizing and improving the execution of our military construction program. The adverse impact of foreign currency fluctuation, which forced the deferral of five fiscal year 1986 projects and two fiscal year 1987 projects, has largely been overcome through the establishment of the foreign currency fluctuation account for military construction. All fiscal year 1988 MILCON projects were awarded in a timely manner and an equally successful execution of the fiscal year 1989 program is anticipated.

DODDS is requesting 9 major projects in the fiscal year 1990 MILCON budget submission which total $59.1 million and 11 major projects in the fiscal year 1991 submission which total $87.4 million. Included in these funding totals are 8 projects for student meal facilities at various locations in Germany totaling $6.6 million in fiscal year 1990 and 26 student meal projects totaling $16.8 million in fiscal year 1991.

The student meal facility projects requested in this budget are sorely needed to provide the kitchens and multipurpose rooms necessary for preparing and serving a nutritionally balanced hot lunch. Currently, at many locations within DODDS, only cold box lunches or snacks are provided for lunch because no facilities exist in which to prepare or serve adequate meals. The inability to provide a hot lunch is a continuing source of concern and frustration to parents, school administrators and military community commanders. In addition, in most locations in Germany multipurpose rooms serve as lunch rooms, gymnasiums, and auditoriums. The demand on use of these multipurpose rooms is exacerbated by inclement weather.

The DODDS fiscal year 1990/91 MILCON program is primarily focused on the most critical school construction requirements within the European Command (EUCOM) area. The projects that have been submitted reflect a thorough prioritization of facilities requirements-by DODDS, the military service components and EUCOM. This prioritization process has carefully balanced educational requirements with troop stationing and demographic requirements.

Three projects in the fiscal year 1990 program (Bermuda Elementary School, Hohenfels Elementary School Addition, and Grafenwoehr Elementary School Addition) will be built using modular construction techniques. Modular construction is being used in Montgomery County, Maryland, as well as other school districts to provide relocatable school facilities that are comparable in quality to conventional construction. These projects will be closely monitored to document cost savings, speed of construction, and end-product quality. DODDS will expand the use of this type of construction in future years if the three fiscal year 1990 projects demonstrate feasibility and cost-effectiveness.

The remainder of the MILCON request for fiscal year 1990, $7.8 million, and for fiscal year 1991, $4.2 million is for the Section 6 Schools program. We are requesting funds in fiscal year 1990 for the Antilles Consolidated School System (Puerto Rico) to accommodate the current student population of 3,400. The three projects in fiscal year 1990 are being requested for the renovation and expansion of existing facilities at Fort Buchanan and Roosevelt Roads Naval Station in Puerto Rico.

The fiscal year 1990 high school expansion project at Fort Buchanan provides for construction of classrooms which were in the fiscal year 1986 original project but deleted due to high bids, plus a running track and athletic fields. A restructuring of grades will be accomplished upon completion of the requested project. The Roosevelt Roads Naval Station projects provide for construction of additional classrooms, including science, art, music and industrial technology labs and expansion/improvement of a media centers facilities to improve curricular offerings, to alleviate overcrowded conditions which have resulted in the use of substandard facilities, and to maintain standards set by the North Central Association of Colleges and Schools.

Your support of these necessary school construction projects will result in the provision of adequate, acceptable school facilities at these locations which will be capable of providing the space required to maintain accreditation when they are being utilized by dependents of U.S. military and civilian employees overseas and stateside.

I thank you for the opportunity to appear before this committee.

SUMMARY STATEMENT

Ms. POPE. Our dependents' education military construction budget consists of projects which meet worldwide criteria prioritization and coordination with the military services. These essential projects will provide educationally sound facilities and will reduce problems such as safety hazards, lengthy bus requirements, overcrowded classrooms, lack of multipurpose rooms, physical education, fine arts, vocational education, special ed and others, lack of hot lunch programs at 8 schools which have had 5,200 students in fiscal year 1990 alone and 26 schools in the fiscal year 1991 budget.

Currently these students brown bag, eat in the military messes, or leave the school campuses to eat lunch. The DODDS projects includes two previously authorized and appropriated projects from the 1986 Milcon budget which were deferred due to foreign currency shortfalls. All projects in the fiscal year 1988 budget have been executed, and we anticipate full execution of all fiscal year 1989 projects.

There have been numerous discussions within DOD and Congress about the utilization of modular facilities as a construction alternative. In our fiscal year 1990 budget we are piloting three such projects which will be closely monitored to document cost savings, speed of construction, and end product quality.

Let me conclude by stating that we in the Department of Defense believe that our dependents are entitled to attend schools that are comparable to those stateside. I appreciate your time today and I am available to answer any questions.

Senator SASSER. Well, thank you very much. As I understand it, you are proceeding with three projects that utilize modular construction techniques, is that correct?

Ms. POPE. Yes, sir.

Senator SASSER. This is really a test of the modular construction to demonstrate feasibility and cost effectiveness. I suppose what I do not understand is why you would select three of your nine projects for such a test. Why not select just one?

Ms. POPE. Partly because of climate. One of the projects is the Bermuda one, and we are interested in how the modular facilities will do in that climate. We have been working closely with Montgomery County, who is doing a lot of construction.

Senator SASSER. Montgomery County?

Ms. POPE. Is doing a lot in modular construction for schools. We have been working with the stateside organizations that are doing that, all three pilots, because of site locations, because of our requirements makes sense. There is not going to be a great difference in cost, in startup cost. The big difference for us will come when we move these projects.

All three were good areas for pilots.

Senator SASSER. All right. Senator Stevens.

Senator STEVENS. Which three did you choose?

Ms. POPE. Bermuda, Hohenfels, and Grafenwoehr.

Senator STEVENS. Hohenfels is in Germany and the others are where?

Ms. POPE. Two in Germany and one in Bermuda.

Senator STEVENS. I see. Where are the modulars being made?

Ms. POPE. We are talking with other companies here. We have not put out the bids yet. There are—I think there are about four or five companies stateside that are specializing in modular schools for stateside systems, and we have been talking with all of those.

Senator STEVENS. Well, good luck. We tried to do that in the Bureau of Indian Affairs a number of years ago. I hope it works with your schools. It was not that successful there. I do think there is a potential savings.

Thank you, Mr. Chairman.

Senator SASSER. How large are these modular schools?

Ms. POPE. Hohenfels is an addition which will accommodate an increase in enrollment of from 220 to 600. It is all dependent on each of these specific sites. Grafenwoehr will include a kindergarten and hot lunch facilities.

The technology for modulars has come a long way from what looked like trailers. We are doing day-care centers and we are doing schools. And they are expandable so that if our requirements change, there is a lot of flexibility to the modulars where with permanent construction there is not. So, if enrollment changes or our requirements change, they are easier to change.

Senator **Stevens**. Are they both portable and modular?

Ms. **Pope**. Yes.

Senator **Stevens**. Well, we have used those in the Navy out at Adak.

Ms. **Pope**. Excuse me?

Senator **Stevens**. We used those—the Navy used those at Adak, AK, the portable modular units. I did not understand that yours were modular and also portable.

Ms. **Pope**. I think some of the Adak ones, too, had problems with the climate.

Senator **Sasser**. Anything further, Senator Stevens?

Senator **Stevens**. No.

PREPARED STATEMENT FROM THE NATIONAL SECURITY AGENCY

Senator **Sasser**. There will be included in the record a statement from the National Security Agency.

[The statement follows:]

STATEMENT OF THE NATIONAL SECURITY AGENCY

The National Security Agency appreciates the opportunity to present our fiscal year 1990 and 1991 budget request for Military Construction and Family Housing.

Our primary focus for these two fiscal years is to upgrade existing utilities at the Fort Meade complex to provide the necessary electric power and chilled water to support the tremendous growth in computers and other electronic equipment. These projects are essential to our expanding intelligence mission. Two projects in fiscal year 1990 include an electrical distribution upgrade for the Operations Building #1 ($2,323,000) and a 3,000-ton chiller plant to provide the chilled water necessary to cool state-of-the-art computer systems ($14,000,000) which are being installed. There are 3 projects in fiscal year 1991 that will continue the infrastructure upgrade effort. An upgrade to a high voltage substation ($5,125,000), and seven new low voltage substations ($8,221,000) will provide enough reliable electric power to the Operations Building #1 to support the growing demand of the supercomputers and other electronic equipment. Two new 800-ton cooling towers for Operations Building 2A will enable the chillers to operate at full capacity to meet the demands of the electronic equipment in that building ($1,500,000).

Another fiscal year 1990 project will provide for the installation of a sprinkler system in Operations Building #1, to protect our personnel and sophisticated electronic equipment ($5,121,000). Two other fiscal year 1991 projects will provide a $3,300,000 building addition project (fiscal year 1991) at Fort Meade, which will provide space to the Service Cryptologic Elements supporting the Agency's mission, and a $2,250,000 earth terminal site preparation project to support new communications requirements.

Our program also includes two projects at an overseas site. A fiscal year 1990 project will provide a building addition to provide space for the station's expanding mission ($23,000,000), and a fiscal year 1991 project will provide sufficient water supply to support the station's operations and residential facilities.

Family Housing/Defense Appropriations funds are required in fiscal year 1990 ($9,769,000) and fiscal year 1991 ($10,054,000) to satisfy the housing needs of our civilian and military personnel assigned to overseas locations.

We have also provided statements on each project, many of which are classified.

ADDITIONAL COMMITTEE QUESTIONS

Senator Sasser. I want to thank you, Ms. Pope, for testifying here this morning on behalf of the defense schools' constructions.

We will have some additional questions from several Senators which we will submit to you for your response.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

DEPARTMENT OF THE AIR FORCE

QUESTIONS SUBMITTED BY SENATOR JIM SASSER

ALTERNATIVE FINANCING

QUESTION: List each third party contract, long term facility contract, or any other alternative financing contract, other than regular military construction, which supports a construction project completed, under construction, or planned for construction, for which appropriations will be required in fiscal year 1990. Indicate which appropriations account will be utilized, i.e. operations and maintenance. Family housing operations, etc.

ANSWER: The only third party contract, long term facility contract or alternative financing contracts that require appropriations in fiscal year 1990 are in Family Housing. A list of the Domestic (Section 801) and Foreign Build-Lease programs is attached.

Domestic (Section 801) Build-Lease

Project Location	Scope
Eielson AFB, AK	300
Hanscom AFB, MA	163
March AFB, CA	200
Goodfellow AFB, TX	200
March AFB, CA	400
Hurlburt Field, FL	300
Whiteman AFB, MO	900
Travis AFB, CA	300
Ellsworth AFB, SD	828
Ellsworth AFB, SD	200
Castle AFB, CA	200
Onizuka, CA	170
Unassigned	1500
TOTAL	5663

Foreign Build-Lease

Project Location	Scope
Hahn AB, GE	300 units
Ramstein AB, GE	68 units
Spangdahlem AB, GE	500 units
Zweibrucken AB, GE	200 units
Comiso AB, IT	460 units
San Vito AB, IT	150 units
Soesterberg AB, NL	190 units
RAF Alconbury, UK	300 units
RAF Bentwaters, UK	300 units
RAF Lakenheath, UK	425 units
RAF Upper Heyford, UK	50 units
Osan AB, ROK	211 units
Dietzenbach, GE	108 units
Eglesbach, GE	52 units
Lajes AB, Azores	330 units
Total	3844 units

QUESTION: Provide for the record each alternative financing project planned for the next five years, a description of each project, the projected annual payments and the projected date obligations would commence.

ANSWER: Following is a preliminary list of projects scheduled for alternative financing.

MFH DOMESTIC BUILD LEASE

Location	#Units	Projected Year of 1st Obligations	Annual Cost ($M)
March AFB	400	91	5.7
Hurlburt FLD	300	90	2.6
Whiteman AFB	900	90	8.4
Travis AFB	300	90	3.9
Castle AFB	200	90	2.5
Ellsworth AFB	828	91	8.1
Onizuka AFB	170	91	2.1

TITLE 10 UNITED STATES CODE, SECTION 2394

Location	Projects	Annual Payments*	Start Date
Elmendorf AFB	OTH-B Power Plt	O&M	92
Galena AFS	Electric Services	O&M	91
MacDill AFB	Cogeneration Services	O&M	91

TITLE 10 UNITED STATES CODE, SECTION 2809

Location	Project	Annual Payments*	Start Date
Griffiss AFB	Wastewater Treatment	O&M	92
Andersen AFB	Transient Facilities	O&M	92

TITLE 10 UNITED STATES CODE, SECTIONS 2828 & 2675

Location	Project	Annual Payments*	Start Date
Rhein-Main AB	Transient Facilities	O&M	92
Frankfurt GE	Build/Lease Air Terminal	O&M	92

*Payment for these facilities will be made through the Operations and Maintenance accounts and remain within current budget guidelines.

QUESTION: Provide for the record the policy for pursuing construction utilizing third party or alternative finanacing. Indicate the process which determines whether a project should be funded with regular military construction funds or through an alternative financing approach.

ANSWER: The policy for pursuing construction through third-party financing is under corporate review by the Air Force. At this time the Air Force plans to use the same review and approval process as it uses for regular construction projects modified to ensure appropriate approvals are obtained and are consistent with legislative authority. The decision on method of funding will take place during this process and be based on consideration of all pertinent factors and alternative actions available at that time.

Family Housing Inventory

QUESTION: How many family housing units are in the inventory?

ANSWER: There are 144,600 family housing units in the Air Force inventory, of which 6,723 are leased.

Family Housing Improvements

QUESTION: Explain the process for programming for family housing improvements?

ANSWER: The Air Force performed a unit-by-unit housing condition survey in 1986. That survey indicated a requirement to perform whole house revitalization on 80,000 units, approximately 55% of our inventory. The current improvement program is addressing this validated requirement first. The Air Staff allocates a "fair share" of the total anticipated improvement appropriation. The MAJCOMs develop their individual base projects and prioritize them within the anticipated funding levels.

QUESTION: How does your Service family housing improvements program differ from the improvements program of the other Services?

ANSWER: The family housing improvement program is our "#1 facility priority." Because of the emphasis we have been successful in obtaining funding support far in excess of our sister Services.

Although all the Services agree that our per unit whole house improvement costs are substantially equal, a secondary difference between the Services is our funding approach. A few years ago, we used "conjunctive funding" i.e. a combination of maintenance and improvements funds on a single project. The Air Force no longer does this. Today projects involving improvement and maintenance and repair work are funded totally by improvement dollars. This has tremendously streamlined our accounting procedures, but we need to constantly reinforce the fact that 68% of our improvement program is actually supporting needed maintenance and repair.

DEFENSE AGENCIES

QUESTIONS SUBMITTED BY SENATOR CHARLES E. GRASSLEY

Question: Can you please explain to me the different categories of hospitals with the inventory of Defense Medical Facilities?

In particular, what are the differences in hospitals -- for example, in San Antonio, we have the Air Force's Wilford Hall Medical Center which is a major hospital and we also have new construction at the Brooke Army Medical Center?

Is there any duplication of these missions?

Answer: Each category of hospital in the Defense medical inventory is distinguished by type of care provided or by its assigned mission. The sixteen Medical Centers have broad tertiary capabilities which are required for certification as teaching centers. Other hospitals in the inventory provide primary and secondary care as necessary contingent on their location, mission, and level of staffing.

As is the case with teaching hospitals in civilian health care delivery systems (i.e, university hospitals), the types of care available at Brooke Army Medical Center and Wilford Hall Medical Center are comparable. However, each possesses unique features as well; such as the aerospace medicine capability at Wilford Hall and the Burn Unit at Brooke. With the formation of the Joint Military Medical Command (JMMC), efforts were made to eliminate any unnecessary duplication of services. Any duplication of services now provided by these two teaching institutions is required to support the size of the Graduate Medical Education (GME) Programs at Wilford Hall Medical Center and Brooke Army Medical Center. These GME programs train a significant amount of the medical manpower needed by the Department to meet its health care mission.

Question: Please provide the committee with a complete listing of all DoD Medical Facilities, their locations, and their missions.

Answer:
In general, DoD Medical Facilities can be sorted into three categories, each with a distinct mission. The medical facilities and locations on the listing that follows are annotated with an alpha character that corresponds to its mission. A mission statement by category precedes the listing.

A. Medical Center/Teaching Facility- The mission of a medical center is to provide inpatient and outpatient care for authorized personnel within a wide range of specialization and to provide consultative support to medical facilities within a geographic area of responsibility. Additionally, medical centers, when designated, conduct post graduate medical education in health professions. Such facilities also have critical readiness and mobilization responsibilities.

B. Hospital- The mission of a hospital is to provide inpatient and outpatient care in the field of general medicine and surgery, to authorized personnel. These facilities often have readiness and mobilization responsibilities.

C. Clinic- A clinic provides emergency treatment and ambulatory services to authorized personnel. Clinics also perform certain activities such as physical exams, immunizations, and preventive medicine services necessary to support a primary military mission. Clinics may be equipped with beds for observation of patients awaiting transfer, or for care which cannot be rendered on an outpatient status but does not require hospitalization. Readiness and/or mobilization missions are more limited.

Facility and Location	Mission
1/15 FA BATTALION AID STATION, CP STANLEY, KO	C
1/503 REG BATTALION AID STATION, CP HOVEY, KO	C
1/72D ARMOR BATTALION AID STATION CP CASEY, KO	C
1/9 INF BATTALION AID STATION CP GREAVES, KO	C
106 MED DET(VS)TM E FOOD INSP ADPAC WALKER, KO	C
106TH MED DET (VS) TEAM B, ADPAC, YONGSAN, KO	C
106TH MED DET(VS) TEAM D, ADPAC,CP HIALEAH, KO	C
118TH MED DET, BAD HERSFELD, GE	C
120TH MED DET, ERLANGEN, GE	C
12TH GEN DISP, GARMISCH, GE	C
130TH GEN HOSP, DEXHEIM, GE	B
130TH STATION HOSP HEIDELBERG, GE	B
13TH GEN DISP, WORMS, GE	C
13th MEDICAL CENTER, CLARK AB, RP	A
13th MEDICAL CENTER/SGD, CLARK AB, RP	A
15th MEDICAL GROUP, HICKAM AFB, HI	C
16TH MED DET, CRAILSHEIM, GE	C
17TH MED DET, GELNHAUSEN, GE	C
188TH GEN DISP, BAMBERG, GE	C
189TH MED DET, KIRCHHEIMBOLANDE (CLOSED), GE	C
18TH MED DET, SCHWAEBISH-HALL, GE	C
191ST MED DET, NELLINGEN, GE	C
196TH STATION HOSP SHAPE, BE	B
197TH FAM PRACTICE CL, FT. BENNING, GA	C
19TH MED DET, GERMERSHEIM (CLOSEDFY88), GE	C
1ST DENTAL CO DET LAS FLORES, CAMP PENDLET, CA	C
1ST DENTAL CO DET LAS PULGAS, CAMP PENDLET, CA	C
1ST DENTAL COMPANY DET MARGARITA, CAMP PEN, CA	C
1ST DENTAL COMPANY DET SAN MATEO, CAMP PEN, CA	C
1st MEDICAL GROUP, LANGLEY AFB, VA	B
1st MEDICAL GROUP/SGD, LANGLEY AFB, VA	B
1st STRATEGIC HOSPITAL, VANDENBERG AFB, CA	B
2/17 FA BATTALION AID STATION, CP PELHAM, KO	C
2/503 REG BATTALION AID STATION, CP HOVEY, KO	C
2/61 ADA BATTALION AID STATION, CP STANTON, KO	C
2/72D ARMOR BATTALION AID STATION CP CASEY, KO	C
209TH GEN DISP, HANAU, GE	C
20TH MED DET, FULDA, GE	C
225TH STA HOSP, BAD KREUZNACH, GE	B

Facility and Location	Mission
22d STRATEGIC HOSPITAL, MARCH AFB, CA	B
22ND MED DET, NEU ULM, GE	C
22STRATEGIC DENTAL CLINIC, MARCH, CA	C
23RD MED DET, WILDFLECKEN, GE	C
23rd MEDICAL GROUP, ENGLAND AFB, LA	B
24TH GEN DISP, GIESSEN, GE	C
24TH MED DET, SCHWEINFURT, GE	C
24th MEDICAL GROUP, HOWARD AFB, PN	C
269TH MED DET, WERTHEIM, GE	C
279TH STA HOSP, MAINZ, GE	B
27th MEDICAL GROUP, CANNON AFB, NM	B
29TH MED DET, PATTONVILLE, GE	C
2d STRATEGIC HOSPITAL, BARKSDALE AFB, LA	B
2ND ENGR BATTALION AID STATION, CP CASTLE, KO	C
2ND FIELD HOSP BREMERHAVEN, GE	B
2ND GEN HOSP LANDSTUHL, GE	B
2nd STRATEGIC DENTAL CL, BARKSDALE AFB, LA	C
305th STRATEGIC DENTAL CL, GRISSOM AFB, IN	C
305th STRATEGIC HOSPITAL, GRISSOM AFB, IN	B
30TH FIELD HOSP, BAUMHOLDER, GE	B
313th MEDICAL GROUP, KADENA AB, JA	B
31ST MED DET, KITZINGEN, GE	C
31st MEDICAL GROUP, HOMESTEAD AFB, FL	B
31ST MEDICAL GROUP/SGD, HOMESTEAD AFB, FL	B
321st STRATEGIC DENTAL CL, GRAND FORKS AFB, ND	C
321st STRATEGIC HOSPITAL, GRAND FORKS AFB, ND	C
325th MEDICAL GROUP, TYNDALL AFB, FL	B
341st STRATEGIC DENTAL CL, MALMSTROM AFB, MT	B
341st STRATEGIC HOSPITAL, MALMSTROM AFB, MT	C
347th MEDICAL GROUP, MOODY AFB, GA	B
34TH GEN HOSP AUGSBURG, GE	B
351st STRATEGIC HOSPITAL, WHITEMAN AFB, MO	B
354th MEDICAL GROUP, MYRTLE BEACH AFB, SC	B
354th MEDICAL GROUP/SGD, MYRTLE BEACH AFB, SC	B
363rd MEDICAL GROUP, SHAW AFB, SC	B
363rd MEDICAL GROUP/SGD, SHAW AFB, SC	B
366th MEDICAL GROUP, MOUNTAIN HOME AFB, ID	B
379th STRATEGIC HOSPITAL, WURSTMITH AFB, MI	B
380th STRATEGIC DENTAL CL, PLATTSBURG AFB, NY	C
380th STRATEGIC HOSPITAL, PLATTSBURGH AFB, NY	B
384th STRATEGIC DENTAL CL, MCCONNELL AFB, KS	C
384th STRATEGIC HOSPITAL, MCCONNELL AFB, KS	B
3RD GEN DISP, KARLSRUHE, GE	C
4 MEDICAL GROUP, SEYMOUR JOHNSON AFB, NC	B
4/7TH CAV SQUADRON AID STATION, GARY OWENS, KO	C
410th STRATEGIC HOSPITAL, K.I.SAWYER AFB, MI	B
416th STRATEGIC HOSPITAL, GRIFFISS AFB, NY	B
42d STRATEGIC HOSPITAL, LORING AFB, ME	B
42nd STRATEGIC DENTAL CL, LORING AFB, ME	C
432th MEDICAL GROUP, MISAWA, JA	B
43rd STRATEGIC CLINIC, ANDERSON AFB, GU	C
44th STRATEGIC HOSPITAL, ELLSWORTH AFB, SD	B
45TH FIELD HOSP VICENZA, IT	B
475th MEDICAL GROUP, YOKOTA AB, JA	B
4TH GEN DISP, DARMSTADT, GE	C
4th MEDICAL GROUP/SGD, SEYMOUR JOHNSON AFB, NC	B
5/20TH REG TROOP AID STATION, KO	C

Facility and Location	Mission
509th STRATEGIC HOSPITAL, PEASE AFB, NH	B
51ST MEDICAL GROUP - OLB, TAEGU AB, KO	B
51st MEDICAL GROUP, OSAN AB, KO	B
536TH GEN DISP, ANSBACH-KATTERBACH, GE	C
540TH GEN DISP, VOGELWEH, GE	C
546TH GEN DISP, MANNHEIM-KAEFERTAL, GE	C
547TH GEN DISP, GRAFENWOEHR, GE	C
554th MEDICAL GROUP, NELLIS AFB, NV	B
56TH GEN HOSP, MUENCHWEILER, GE	B
56th MEDICAL GROUP, MACDILL AFB, FL	B
574TH MED DET, BAD CANNSTATT, GE	C
5TH GEN DISP, BAD TOELZ, GE	C
5TH GEN HOSP BAD CANNSTATT, GE	B
6/37TH FA BATTALION AID STATION ESSAYONS, KO	C
67 EVAC HOSP WUERZBURG, GE	B
67th MEDICAL GROUP, BERGSTROM AFB, TX	B
731ST GEN DISP, HOHENFELS, GE	C
732ND MED DET, PATCH BKS VAIHINGEN, GE	C
733RD MED DET, BUTZBACH, GE	C
735 MED DET, SANDHOFEN-COLEMAN BKS, GE	C
757TH MED DET, SCHWAEBISCH-GMUEND, GE	C
761 MED DET, KNIELINGEN, GE	C
762TH MED DET, GOEPPINGEN, GE	C
7th BOMB WING DENTAL CL, CARSWELL AFB, TX	C
8/8 FA BATTALION AID STATION, CP STANLEY, KO	C
831st MEDICAL GROUP, GEORGE AFB, CA	B
832th MEDICAL GROUP, LUKE AFB, AZ	B
833 MEDICAL GROUP, HOLLOMAN AFB, NM	B
833rd MEDICAL GROUP/SGD, HOLLOMAN AFB, NM	B
836th MEDICAL GROUP, DAVIS MONTHAN AFB, AZ	B
8th MEDICAL GROUP, KUNSAN AB, KO	B
913TH MED DET, KAISERSLAUTEN, GE	C
91st STRATEGIC DENTAL CL, MINOT AFB, ND	C
91st STRATEGIC HOSPITAL, MINOT AFB, ND	C
92nd STRATEGIC DENTAL CL, FAIRCHILD AFB, WA	C
92nd STRATEGIC HOSPITAL, FAIRCHILD AFB, WA	B
93rd STRATEGIC HOSPITAL, CASTLE AFB, CA	B
96th STRATEGIC DENTAL CL, DYESS AFB, TX	C
96th STRATEGIC HOSPITAL, DYESS AFB, TX	B
97STRATEGIC DENTAL CLINIC, BLYTHEVILLE AFB, AR	C
97TH GEN HOSP FRANKFURT, GE	B
97th STRATEGIC HOSPITAL, BLYTHEVILLE AFB, AR	B
98TH GEN HOSP NURNBERG, GE	B
9INF TMC, FT LEWIS, WA	C
90th STRATEGIC HOSPITAL, F.E. WARREN AFB, WY	B
9TH GEN DISP, ASCHAFFENBURG, GE	C
9TH MED DET, HEILBRONN, GE	C
9th STRATEGIC HOSPITAL, BEALE AFB, CA	B
AF CL CAMP NEW AMSTERDAM, SOESTERBERG AB, NL	C
AF MEDCTR WRIGHTPATTERSON, WRIGHT-PATTERSON AFB, OH	A
AIR UNIV REGIONAL HOSP, MAXWELL AFB, AL	B
AUN FT. POLK, LA	C
AVIATION TMC. FT. KNOX, KY	C
AVN CL DAVISON AAF, FT. BELVOIR, VA	C
AVN MED CL, FT. BENNING, GA	C
BASSETT AH, FT. WAINWRIGHT, AK	B
BAYNE-JONES AH, FT POLK, LA	B

Facility and Location	Mission
BDRCL NAS WHITING FIELD, FL	C
BLANCHFIELD ACH, FT. CAMPBELL, KY	B
BLISS AH, FT. HUACHUCA, AZ	B
BRCL NAF KADENA, JA	C
BRDCL (PLUS ANX) USNA ANNAPOLIS, MD	C
BRDCL AFSC NORFOLK, VA	C
BRDCL ANNEX (TBS) QUANTICO, VA	C
BRDCL ANNEX CAMP LEJEUNE (HADNOT POINT), NC	C
BRDCL ANNEX CAMP PENDLETON MAG 11 EL TORO, CA	C
BRDCL ANNEX CORRECTIONAL CTR NDC CAMP PEND, CA	C
BRDCL ANNEX DELMAR, CAMP PENDLETON, CA	C
BRDCL ANNEX GROUP GREAT LAKES BLDG 1017, IL	C
BRDCL ANNEX HORNO, CAMP PENDLETON, CA	C
BRDCL ANNEX NAS BERMUDA, BR	C
BRDCL ANNEX NAS NEW ORLEANS, LA	C
BRDCL ANNEX SAN ONOFRE, CAMP PENDLETON, CA	C
BRDCL ANNEX SHERMAN FIELD PENSACOLA, FL	C
BRDCL ANNEX, EDSON RANGE, CAMP PENDLETON, CA	C
BRDCL BALLSTON SPA, NY	C
BRDCL BERMUDA, BR	C
BRDCL BRIDGEPORT, CAMP PENDLETON, CA	C
BRDCL CAMP GEIGER, NC	C
BRDCL CAMP JOHNSON, NC	C
BRDCL CAMP PENDLETON HEADQUARTERS, CA	C
BRDCL CAMP PENDLETON MCLSB, CA	C
BRDCL CAMP SMITH, OAHU, HI	C
BRDCL CBC GULFPORT, MS	C
BRDCL CBC PORT HUENEME, CA	C
BRDCL CHAPPO, BLDG 22190, CAMP PENDLETON, CA	C
BRDCL CINCIBERLANT, OEIRAS, PT	C
BRDCL CINCLANTFLT NORFOLK, VA	C
BRDCL CORPUS CHRISTI, TX	C
BRDCL COURTHOUSE BAY, NC	C
BRDCL DIEGO GARCIA (CINCPACFLT), DG	C
BRDCL FCTC DAM NECK, VA	C
BRDCL FLEASWTRACENFAC SAN DIEGO, CA	C
BRDCL GUANTANAMO BAY, CU	C
BRDCL KAUAI, HI	C
BRDCL LAKEHURST, NJ	C
BRDCL MAF EL CENTRO, CA	C
BRDCL MARE ISLAND, CA	C
BRDCL MCAF QUANTICO, VA	C
BRDCL MCAGCC 29 PALMS, CA	C
BRDCL MCAS BEAUFORT, SC	C
BRDCL MCAS CHERRY POINT, NC	C
BRDCL MCAS EL TORO SANTA ANA, CA	C
BRDCL MCAS IWAKUNI, JA	C
BRDCL MCAS KANEOHE, HI	C
BRDCL MCAS YUMA, AZ	C
BRDCL MCAS(H) TUSTIN, CA	C
BRDCL MCASH NEW RIVER, NC	C
BRDCL MCFC, KANSAS CITY, MO	C
BRDCL MCLSBLANT ALBANY, GA	C
BRDCL MCLSBPAC BARSTOW, CA	C
BRDCL MCRD SAN DIEGO, CA	C
BRDCL NAD HOLY LOCH, SCOTLAND, UK	C
BRDCL NADMU, ID	C

Facility and Location	Mission
BRDCL NAF ATSUGI, JA	C
BRDCL NAF DETROIT, MI	C
BRDCL NAF KADENA, JA	C
BRDCL NAF SIGONELLA, IT	C
BRDCL NAF WASHINGTON, DC, DC	C
BRDCL NAS AGANA GUAM, GU	C
BRDCL NAS ALAMEDA, CA	C
BRDCL NAS ATLANTA, MARIETTA, GA	C
BRDCL NAS BARBERS POINT, HI	C
BRDCL NAS BRUNSWICK, ME	C
BRDCL NAS CECIL FIELD, FL	C
BRDCL NAS CHASE FIELD BEEVILLE, TX	C
BRDCL NAS CUBI POINT, RP	C
BRDCL NAS DALLAS, TX	C
BRDCL NAS FALLON, NV	C
BRDCL NAS GLENVIEW, IL	C
BRDCL NAS KEY WEST, FL	C
BRDCL NAS KINGSVILLE, TX	C
BRDCL NAS LEMOORE, CA	C
BRDCL NAS MEMPHIS, TN	C
BRDCL NAS MERIDIAN, MS	C
BRDCL NAS MIRAMAR SAN DIEGO, CA	C
BRDCL NAS MOFFETT FIELD, CA	C
BRDCL NAS NORTH ISLAND SAN DIEGO, CA	C
BRDCL NAS OAK HARBOR, WA	C
BRDCL NAS OCEANA VIRGINA BEACH, VA	C
BRDCL NAS POINT MUGU, CA	C
BRDCL NAS SOUTH WEYMOUTH, MA	C
BRDCL NAS WILLOW GROVE, PA	C
BRDCL NAVACT LONDON, UK	C
BRDCL NAVAL HOME, MS	C
BRDCL NAVAL STA, FORD ISLAND, HI	C
BRDCL NAVCOASTSY CEN, PANAMA CITY, PN	C
BRDCL NAVCOMMSTA SAN FRANCISCO, CA	C
BRDCL NAVFAC BRAWDY, WALES, UK	C
BRDCL NAVMAG LUALUALEI, HI	C
BRDCL NAVPGSCOL MONTEREY, CA	C
BRDCL NAVPHIBASE CORONADO, CA	C
BRDCL NAVPHIBASE LITTLE CREEK, VA	C
BRDCL NAVSCSCOL ATHENS, GA	C
BRDCL NAVSTA ADAK, AK	C
BRDCL NAVSTA ROTA, SP	C
BRDCL NCS GUAM, GU	C
BRDCL NCS NEA MAKRI, GR	C
BRDCL NCS SAN MIGUEL, RP	C
BRDCL NCS WAHIAWA, HI	C
BRDCL NCU EAST MACHIAS, ME	C
BRDCL NDC CAMP PENDLETON, DET OF 13 DENCO, CA	C
BRDCL NEW ORLEANS, LA	C
BRDCL NOF SASEBO, JA	C
BRDCL NORFOLK (BRIG), VA	C
BRDCL NOS INDIAN HEAD, MD	C
BRDCL NS MAYPORT, FL	C
BRDCL NSA BROOKLYN, NY	C
BRDCL NSA GAETA, IT	C
BRDCL NSA SEATTLE, WA	C
BRDCL NSB NEW LONDON, CT	C

Facility and Location	Mission
BRDCL NSC SAN DIEGO, CA	C
BRDCL NSGA CHESAPEAKE, VA	C
BRDCL NSGA EDZELL, SCOTLAND, UK	C
BRDCL NSGA SABANA SECA, PR	C
BRDCL NSGA WINTER HARBOR, ME	C
BRDCL NSO LA MADDALENA, IT	C
BRDCL NSWC DAHLGREN, VA	C
BRDCL NSY PORTSMOUTH, NH, NH	C
BRDCL NSY PORTSMOUTH, VA, VA	C
BRDCL NSY WASHINGTON, DC, DC	C
BRDCL NTC DCL 1-4, SAN DIEGO, CA	C
BRDCL NTTC CORRY STATION, FL	C
BRDCL QUANTICO (PLUS ANX), VA	C
BRDCL RECRUIT INPROCESSING GREAT LAKES, IL	C
BRDCL SAUFLEY FIELD PENSACOLA, FL	C
BRDCL SUBASE BANGOR, WA	C
BRDCL SUBASE SAN DIEGO, CA	C
BRDCL SUPSHIP NEWPORT NEWS, VA	C
BRDCL SUPSHIP PASCAGOULA, MS	C
BRDCL TORII STATION, JA	C
BRDCL WESTLOCH, HI	C
BRDCL WPNS CHARLESTON, SC	C
BRDCL WPNS YORKTOWN, VA	C
BRDCL WPNSTA CONCORD, CA	C
BRDCL, BLDG 75, NWPC CHINA LAKE, CA	C
BRH NAVAL HOME GULFPORT, MS	B
BRH NAVSTA ADAK, AK	B
BRH TWENTY NINE PALMS, CA	B
BRH USNAF SIGONELLA, IT	B
BRMCL (ANNEX) NALF FENTRESS, VA	C
BRMCL AMMUNITION SUPPDET VIEGUES, PR	C
BRMCL ANNAPOLIS, BANCROFT HALL, MD	C
BRMCL ARLINGTON ANNEX ARLINGTON, VA	C
BRMCL CAMP CHAPPO, CA	C
BRMCL CAMP DEL MAR (CAMP PENDLETON), CA	C
BRMCL CAMP FUJI, JA	C
BRMCL CAMP GEIGER (CAMP LEJEUNE), NC	C
BRMCL CAMP HORNO, CA	C
BRMCL CAMP JOHNSON (CAMP LEJEUNE), NC	C
BRMCL CAMP LAS FLORES, CA	C
BRMCL CAMP LAS PULGAS, CA	C
BRMCL CAMP MARGARITA, CA	C
BRMCL CAMP SAN MATEO, CA	C
BRMCL CAMP UPSHER, VA	C
BRMCL CBC GULFPORT, MS	C
BRMCL CG MCAS EL TORO, CA	C
BRMCL CG MCB CAMP PENDLETON, CA	C
BRMCL CG MCLB BARSTOW, CA	C
BRMCL CG MCLSB ALBANY, GA	C
BRMCL CG MCRD PARRIS ISLAND, SC	C
BRMCL CG MCRD WRR SAN DIEGO, CA	C
BRMCL COMPLTALT SASEBO, JA	C
BRMCL CORCEN CAMP PENDLETON, CA	C
BRMCL CORFAC CAMP LEJEUNE, NC	C
BRMCL COURTHOUSE BAY (CAMP LEJEUNE), NC	C
BRMCL DAVISVILLE, RI	C
BRMCL DESPERSING STATION NORFOLK, VA	C

Facility and Location	Mission
BRMCL EDSON RANGE (CAMP PENDLETON), CA	C
BRMCL EVANS MCB CAMP BUTLER, JA	C
BRMCL FLTCLANT DAM NECK, VA	C
BRMCL FORD ISLAND, HI	C
BRMCL FRENCH CREEK CAMP LEJEUNE, NC	C
BRMCL FWE CORONA, CA	C
BRMCL HADNOT POINT BLDG. 15 CAMP LEJEUNE, NC	C
BRMCL HADNOT POINT BLDG. 36 CAMP LEJEUNE, NC	C
BRMCL HSA NORFOLK, VA	C
BRMCL INDIAN ISLAND, WA	C
BRMCL JUSMAG, MANILA, RP	C
BRMCL LAFAYETTE RIVER (NORFOLK), VA	C
BRMCL MCAF QUANTICO, VA	C
BRMCL MCAS (H) NEW RIVER, NC	C
BRMCL MCAS BEAUFORT, SC	C
BRMCL MCAS FUTENMA, JA	C
BRMCL MCAS IWAKUNI, JA	C
BRMCL MCAS KANEOHE BAY, HI	C
BRMCL MCAS TUSTIN, CA	C
BRMCL MCB SAN ONOFRE, CA	C
BRMCL MCMWTC BRIDGEPORT, CA	C
BRMCL MCTUREOUS, JA	C
BRMCL MENTAL HEALTH, HI	C
BRMCL NADMU IDAHO FALLS, ID	C
BRMCL NAEXTCARECEN ST. ALBANS, NY	C
BRMCL NAF ATSUGI, JA	C
BRMCL NAF DETROIT, MI	C
BRMCL NAF EL CENTRO, CA	C
BRMCL NAF WASHINGTON (ANDREWS AFB), MD	C
BRMCL NALF CROWS LANDING, CA	C
BRMCL NALF SAN CLEMENTE, CA	C
BRMCL NALF SAUFLEY STATION, FL	C
BRMCL NARF NORFOLK, VA	C
BRMCL NAS AGANA, GU	C
BRMCL NAS ALAMEDA, CA	C
BRMCL NAS ATLANTA, GA	C
BRMCL NAS BARBERS PT . OAHU, HI	C
BRMCL NAS BERMUDA, BR	C
BRMCL NAS BRUNSWICK, ME	C
BRMCL NAS CECIL FIELD, FL	C
BRMCL NAS CHASE FIELD (BEEVILLE), TX	C
BRMCL NAS CUBI POINT, RP	C
BRMCL NAS DALLAS, TX	C
BRMCL NAS FALLON, NV	C
BRMCL NAS GLENVIEW, IL	C
BRMCL NAS GUANTANAMO BAY, CU	C
BRMCL NAS JACKSONVILLE, FL	C
BRMCL NAS KEY WEST, FL	C
BRMCL NAS KINGSVILLE, TX	C
BRMCL NAS MEMPHIS, TN	C
BRMCL NAS MERIDIAN, MS	C
BRMCL NAS MIRAMAR, CA	C
BRMCL NAS MOFFETT FIELD, CA	C
BRMCL NAS NEW ORLEANS, LA	C
BRMCL NAS NORTH ISLAND, CA	C
BRMCL NAS OCEANA, VA	C
BRMCL NAS PENSACOLA, FL	C

Facility and Location	Mission
BRMCL NAS POINT MUGU, CA	C
BRMCL NAS SOUTH WEYMOUTH, MA	C
BRMCL NAS WHITING FIELD MILTON, FL	C
BRMCL NAS WILLOW GROVE, PA	C
BRMCL NAVAIRDEVCEN WARMINSTER, PA	C
BRMCL NAVAIRENGCOM LAKEHURST, NJ	C
BRMCL NAVAIRPROPCEN TRENTON, NJ	C
BRMCL NAVCAMS WESTPAC, GU	C
BRMCL NAVCOASTSYSCEN PANAMA CITY, FL	C
BRMCL NAVCOMMSTA ADAK, AK	C
BRMCL NAVCOMMSTA NEA MAKRE, GR	C
BRMCL NAVCOMMSTA SAN MIGUEL, RP	C
BRMCL NAVCOMMSTA STOCKTON, CA	C
BRMCL NAVCOMMU CUTLER, ME	C
BRMCL NAVCOMS EASTPAC HONOLULU, HI	C
BRMCL NAVDAMCONTRACEN PHILADELPHIA, PA	C
BRMCL NAVFAC ANTIGUA, WN	C
BRMCL NAVFAC CENTERVILLE BEACH, CA	C
BRMCL NAVFAC COOS BAY, OR	C
BRMCL NAVFAC PACIFIC BEACH, WA	C
BRMCL NAVMAG LUALAULEI, HI	C
BRMCL NAVMAG, GU	C
BRMCL NAVNUPWRTRAU WINDSOR, CT	C
BRMCL NAVOCEANSYSLAB SAN DIEGO, CA	C
BRMCL NAVOLF SAN NICHOLAS ISLAND, CA	C
BRMCL NAVORDSTA INDIAN HEAD, MD	C
BRMCL NAVPHIBASE CORONADO, CA	C
BRMCL NAVPHIBASE LITTLE CREEK (NORFOLK), VA	C
BRMCL NAVPUBFORMCEN PHILADELPHIA, PA	C
BRMCL NAVRADECFAC TOTSUKA, JA	C
BRMCL NAVRADRECFAC KAMI SEYA, JA	C
BRMCL NAVRADSTA SUGAR GROVE, WV	C
BRMCL NAVSCSCOL ATHENS, GA	C
BRMCL NAVSECGRUACT NORTHWEST, VA	C
BRMCL NAVSECGRUACT SKAGGS ISLAND, CA	C
BRMCL NAVSECGRUACT WINTER HARBOR, ME	C
BRMCL NAVSECSTA WASHINGTON, DC	C
BRMCL NAVSHIPRANDCEN CARDEROCK, MD	C
BRMCL NAVSTA BROOKLYN, NY	C
BRMCL NAVSTA CHARLESTON, SC	C
BRMCL NAVSTA LONG BEACH, CA	C
BRMCL NAVSTA MAYPORT, FL	C
BRMCL NAVSTA NORFOLK, VA	C
BRMCL NAVSTA SAN DIEGO, CA	C
BRMCL NAVSTA SUBIC BAY, RP	C
BRMCL NAVSTA TREASURE ISLAND, CA	C
BRMCL NAVSTA, GU	C
BRMCL NAVSTABRIG NORFOLK, VA	C
BRMCL NAVSUPACT NEW ORLEANS, LA	C
BRMCL NAVSUPACT SOUDA BAY, CR	C
BRMCL NAVSWC DAHLGREN, VA	C
BRMCL NAVSWC SILVER SPRING, MD	C
BRMCL NAVTECHTRACEN PENSACOLA, FL	C
BRMCL NAVUSEAWARENGSTA KEYPORT, WA	C
BRMCL NAVWPNCEN CHINA LAKE, CA	C
BRMCL NORFOLK NAVY SHIPYARD, ST, VA	C
BRMCL NRL WASHINGTON, DC	C

Facility and Location	Mission
BRMCL NRTF, CAPAS TARLAC, RP	C
BRMCL NSC NORFOLK, VA	C
BRMCL NSC OAKLAND DIV MARE ISLAND, CA	C
BRMCL NSC OAKLAND, CA	C
BRMCL NSC SAN DIEGO, CA	C
BRMCL NSGA HANZA/TORII, JA	C
BRMCL NSY CHARLESTON, SC	C
BRMCL NSY MARE ISLAND, CA	C
BRMCL NSY NORFOLK, VA	C
BRMCL NSY PUGET SOUND (BREMERTON), WA	C
BRMCL NSY WASHINGTON, DC	C
BRMCL NTC GREAT LAKES, IL	C
BRMCL NTC ORLANDO, FL	C
BRMCL NTC SAN DIEGO, CA	C
BRMCL NUSC NEWPORT, RI	C
BRMCL NWNSTA EARLE (COLTS NECK), NJ	C
BRMCL NWTRV BALLSTON SPA, NY	C
BRMCL OCS QUANTICO, VA	C
BRMCL PACMISRAMPAC BARKING SANDS, HI	C
BRMCL PHNSY PEARL HARBOR, HI	C
BRMCL PINETAMARE, IT	C
BRMCL PNSY PHILADELPHIA, PA	C
BRMCL RIFLE RANGE CAMP LEJEUNE, NC	C
BRMCL RIVER ROAD CAMP LEJEUNE, NC	C
BRMCL RTC GREAT LAKES, IL	C
BRMCL SPCC MECHANICSBURG, PA	C
BRMCL SUBASE BANGOR, WA	C
BRMCL SUPSHIP PASCAGOULA, MS	C
BRMCL TBS QUANTICO, VA	C
BRMCL USNAVSECGRUACT SABANA SECA, PR	C
BRMCL USNAVSUPPACT NAPLES DET GAETA, IT	C
BRMCL USNAVSUPPO LA MADDALENA, IT	C
BRMCL WHITE BEACH CAMP BUTLER, JA	C
BRMCL WPNSTA CHARLESTON, SC	C
BRMCL WPNSTA CONCORD, CA	C
BRMCL WPNSTA SEAL BEACH ANX FALLBROOK, CA	C
BRMCL WPNSTA SEAL BEACH, CA	C
BRMCL WPNSTA YORKTOWN, VA	C
BRMCL YOKOHOMA, JA	C
BRML NTC MCCOY (ANX) ORLANDO, FL	C
BROOKE AMC, FT. SAM HOUSTON, TX	A
BUDGE DC, FT. SAM HOUSTON, TX	C
CAMP KITTY HAWK DISPENSARY, KO	C
CMHA, FT. MONMOUTH, NJ	C
CMHS, FT. MCCLELLAN, AL	C
CONFINEMENT BKS HC, FT ORD, CA	C
CONSOLIDATED TMC, FT. JACKSON, SC	C
CTMC FT. ORD, CA	C
CUTLER AH, FT. DEVENS, MA	B
DARNALL AH, FT. HOOD, TX	B
DAVID GRANT USAF MED CTR, TRAVIS AFB, CA	A
DET 1, MALCOLM GROW USAF MEDICAL CENTER, BOLLING AFB, MD	A
DEWITT AH, FT. BELVOIR, VA	B
DISCIPLINARY BKS, FT. LEAVENWORTH, KS	C
DUNN DENTAL CLINIC, LACKLAND AFB, TX	C
EHRLING BERQUIST REG HOSP, OFFUTT AFB, NE	B
EISENHOWER AMC, FT. GORDON, GA	A

Facility and Location	Mission
6TH GENERAL DISPENSORY, BRUNSSUM, NL	B
EVANS AH, FT CARSON, CO	B
FITZSIMONS AMC, CO	A
FOX AH REDSTONE ARSENAL, AL	B
GORGAS ACH, PN	B
HAWLEY AH, FT. BENJAMIN HARRISON, IN	B
HAYS AH, FT. ORD, CA	B
HHC,2 ID TROOP AID STATION CP CASEY MUNSAN, KO	C
HQ 2D AVN BATTALION AID STATION, CP CASEY, KO	C
IRELAND AH, FT. KNOX, KY	B
IRWIN AH, FT. RILEY, KS	B
KELLER AH, WEST POINT, NY	B
KENNER AH, FT. LEE, VA	B
KIMBROUGH AH, FT. MEADE, MD	B
LETTERMAN AMC PRESIDIO, CA	B
LYSTER AH, FT. RUCKER, AL	B
MACKOWEN DENTAL CLINIC, LACKLAND AFB, TX	C
MADIGAN AMC, FT. LEWIS, WA	A
MALCOM GROW USAF MED CTR, ANDREWS AFB, MD	A
MARGETIS DENTAL CLINIC, FT. KNOX, KY	C
MARTIN AH, FT. BENNING, GA	B
MCDONALD AH, FT. EUSTIS, VA	B
MDCL ADMINSUPU BAHRAIN, BH	C
MDCL CAMP H.M. SMITH, HI	C
MDCL CHINHEA, KO	C
MDCL COMSTA EXMOUTH, AU	C
MDCL COMSTA THURSO, SCOTLAND, UK	C
MDCL FASO WARNER SPRINGS, CA	C
MDCL HOLY LOCH, SCOTLAND, UK	C
MDCL LONDON, UK	C
MDCL MCAS YUMA, AZ	C
MDCL MSC ATLANTIC, NJ	C
MDCL MSC PACIFIC, CA	C
MDCL NAVFAC ARGENTINA, NF	C
MDCL NAVFAC BRAWNY, UK	C
MDCL NAVNCF INDIANAPOLIS, IN	C
MDCL NAVSECGRUACT HOMESTEAD, FL	C
MDCL NAVSTA PANAMA CANAL, PN	C
MDCL NAVSUBASE KINGS BAY, GA	C
MDCL NAVSUPFORANTARCTICADET CHRISTCHURCH, NZ	C
MDCL NAVWPNFAC ST. MAWGAN, UK	C
MDCL NAVWPNFACDET MacRIHANISH, UK	C
MDCL NFC CLEVELAND, OH	C
MDCL NSF DIEGO GARCIA, DG	C
MDCL ORDSTA LOUISVILLE, KY	C
MDCL SECGRP EDZELL, SCOTLAND, UK	C
MDCL SPRTDET McMURDO, AN	C
MDCL WPNSCEN CRANE, IN	C
MONCRIEF AH, FT. JACKSON, SC	B
MUNSON AH, FT. LEAVENWORTH, KS	B
NAVY COMM EASTERN PACIFIC, HI	C
NAVY MEDICAL CLINIC ANNAPOLIS, MD	C
NH BEAUFORT, SC	B
NH BETHESDA, MD	B
NH BREMERTON, WA	B
NH CAMP LEJEUNE, NC	B
NH CAMP PENDLETON, CA	B

Facility and Location	Mission
NH CHARLESTON, SC	B
NH CHERRY POINT, NC	B
NH CORPUS CHRISTI, TX	B
NH GREAT LAKES, IL	B
NH GROTON, CT	B
NH GUAM, GU	B
NH GUANTANAMO BAY, CU	B
NH JACKSONVILLE, FL	B
NH KEFLAVIK, IC	B
NH LEMOORE, CA	B
NH LONG BEACH, CA	B
NH MILLINGTON, TN	B
NH NAPLES, IT	B
NH NEWPORT, RI	B
NH OAK HARBOR, WA	B
NH OAKLAND, CA	B
NH OKINAWA, JA	B
NH ORLANDO, FL	B
NH PATUXENT RIVER, MD	B
NH PENSACOLA, FL	B
NH PHILADELPHIA, PA	B
NH ROOSEVELT ROADS, PR	B
NH ROTA, SP	B
NH SAN DIEGO, CA	B
NH SUBIC BAY, RP	B
NH YOKOSUKA, JA	B
NMCL KEY WEST, FL	C
NMCL NEW ORLEANS, LA	C
NMCL PEARL HARBOR, HI	C
NMCL PORT HUENEME, CA	C
NMCL PORTSMOUTH, NH	C
NMCL QUANTICO, VA	C
NMCL SEATTLE, WA	C
NNDC BETHESDA, MD	C
NOBLE AH, FT. MCCLELLAN, AL	B
NORTH POST H. C. FT. BELVOIR, VA	C
NRDC BREMERTON, WA	C
NRDC CAMP LEJEUNE, NC	C
NRDC CAMP PENDLETON, CA	C
NRDC CHARLESTON, SC	C
NRDC GREAT LAKES, IL	C
NRDC GUAM, GU	C
NRDC JACKSONVILLE, FL	C
NRDC LONG BEACH, CA	C
NRDC NAPLES, IT	C
NRDC NEWPORT, RI	C
NRDC NORFOLK, VA	C
NRDC OKINAWA, JA	C
NRDC ORLANDO, FL	C
NRDC PARRIS ISLAND, SC	C
NRDC PEARL HARBOR, HI	C
NRDC PENSACOLA, FL	C
NRDC PHILADELPHIA, PA	C
NRDC ROOSEVELT ROADS, PR	C
NRDC SAN DIEGO, CA	A
NRDC SAN FRANCISCO, CA	C
NRDC SUBIC BAY, RP	C

Facility and Location	Mission
NRDC YOKOSUKA, JA	C
NRMC PORTSMOUTH, VA	C
OHC JEFFERSON PROVING GROUNDS, MADISON, KY	C
OHC MEMPHIS, TN	C
PATRICK HENRY VILLAGE, HEIDELBERG, GE	C
PATTERSON AH, FT. MONMOUTH, NJ	B
PHILADELPHIA DPC, PA	C
PHYS EXAM STATION, FT. BENNING, GA	C
RECEPTION STA, FT. BENNING, GA	C
REYNOLDS AH, FT. SILL, OK	B
ROBT THOMPSON STRAT HOSP, CARSWELL AFB, TX	B
TAMC FT. EUSTIS, VA	C
TMC 1ST BRIGADE, FT. JACKSON, SC	C
TMC 2, FT. MCCLELLAN, AL	C
TMC 5, FT. SHERMAN, PN	C
TMC CAMP COLBURN (GR SEOUL), KO	C
TMC CAMP STANLEY, KO	C
TMC K-16 AIR BASE (GR SEOUL), KO	C
TMC REDSTONE ARSENAL, AL	C
TMC SOUTH POST, FT. BELVOIR, VA	C
TMC(BEAUMONT), FT. BLISS, TX	C
TMC-1, FT. BENNING, GA	C
TMC-1, FT. CAMPBELL, KY	C
TMC-1, FT. CARSON, CO	C
TMC-1, FT. CLAYTON, PN	C
TMC-1, FT. GORDON, GA	C
TMC-1, FT. HOOD, TX	C
TMC-1, FT. JACKSON, CENTRAL, SC	C
TMC-1, FT. KNOX, KY	C
TMC-1, FT. LEONARD WOOD, MO	C
TMC-1, FT. LEWIS, WA	C
TMC-1, FT. MCCLELLAN, AL	C
TMC-1, FT. POLK, LA	C
TMC-1, FT. RILEY, KS	C
TMC-1, FT. SAM HOUSTON, TX	C
TMC-1, FT. SILL, OK	C
TMC-1, FT. STEWART, GA	C
TMC-10, FT. BRAGG, NC	C
TMC-10, FT. HOOD, TX	C
TMC-11, DAHLONEGA, GA	C
TMC-11, FT. BRAGG, NC	C
TMC-11, FT. HOOD, TX	C
TMC-12, CAMP RUDDER, EGLIN AFB, FL	C
TMC-12, FT. BRAGG, NC	C
TMC-12, FT. HOOD, TX	C
TMC-12, FT. LEWIS, WA	C
TMC-13, FT. BRAGG, NC	C
TMC-13, FT. HOOD, TX	C
TMC-13, FT. LEWIS, WA	C
TMC-14, FT. BRAGG, NC	C
TMC-14, FT. HOOD, TX	C
TMC-15, FT. BRAGG, NC	C
TMC-17, FT. BRAGG, NC	C
TMC-2, FT. BENNING, GA	C
TMC-2, FT. CAMPBELL, KY	C
TMC-2, FT. CARSON, CO	C
TMC-2, FT. GORDON, GA	C

Facility and Location	Mission
TMC-2, FT. HOOD, TX	C
TMC-2, FT. KNOX, KY	C
TMC-2, FT. KOBBE, PN	C
TMC-2, FT. LEONARD WOOD, MO	C
TMC-2, FT. LEWIS, WA	C
TMC-2, FT. POLK, LA	C
TMC-2, FT. RILEY, KS	C
TMC-2, FT. SILL, OK	C
TMC-2, FT. STEWART, GA	C
TMC-21, FT. BRAGG, NC	C
TMC-22, FT. BRAGG, NC	C
TMC-3(AVN), FT. CARSON, CO	C
TMC-3, FT BRAGG, NC	C
TMC-3, FT. CAMPBELL, KY	C
TMC-3, FT. GORDON, GA	C
TMC-3, FT. HOOD, TX	C
TMC-3, FT. HUACHUCA, AZ	C
TMC-3, FT. KNOX, KY	C
TMC-3, FT. KOBBE, PN	C
TMC-3, FT. LEONARD WOOD, MO	C
TMC-3, FT. LEWIS, WA	C
TMC-3, FT. MCCLELLAN, AL	C
TMC-3, FT. POLK, LA	C
TMC-3, FT. RILEY, KS	C
TMC-3, FT. SILL, OK	C
TMC-3, FT. STEWART, GA	C
TMC-4, FT. BENNING, GA	C
TMC-4, FT. CAMPBELL, KY	C
TMC-4, FT. DAVIS, PN	C
TMC-4, FT. DIX, NJ	C
TMC-4, FT. GORDON, GA	C
TMC-4, FT. HOOD, TX	C
TMC-4, FT. KNOX, KY	C
TMC-4, FT. LEONARD WOOD, MO	C
TMC-4, FT. POLK, LA	C
TMC-4, FT. RILEY, KS	C
TMC-4, FT. SILL, OK	C
TMC-5, FT. BENNING, GA	C
TMC-5, FT. CAMPBELL, KY	C
TMC-5, FT. CARSON, CO	C
TMC-5, FT. HOOD, TX	C
TMC-5, FT. LEONARD WOOD, MO	C
TMC-5, FT. LEWIS, WA	C
TMC-5, FT. RILEY, KS	C
TMC-5, FT. SILL, OK	C
TMC-6, FT. BENNING, GA	C
TMC-6, FT. CARSON, CO	C
TMC-6, FT. HOOD, TX	C
TMC-6, FT. LEONARD WOOD, MO	C
TMC-6, FT. LEWIS, WA	C
TMC-6, FT. RILEY, KS	C
TMC-6, FT. SILL, OK	C
TMC-7, FT. BENNING, GA	C
TMC-7, FT. CAMPBELL, KY	C
TMC-7, FT. CARSON, CO	C
TMC-7, FT. DIX, NJ	C
TMC-7, FT. HOOD, TX	C

Facility and Location	Mission
TMC-7, FT. RILEY, KS	C
TMC-8, FT. BENNING, GA	C
TMC-8, FT. HOOD, TX	C
TMC-8, FT. RILEY, KS	C
TMC-9, FT. DIX, NJ	C
TMC-9, FT. HOOD, TX	C
TMC-9, FT. LEWIS, WA	C
TMC-9, FT. RILEY, KS	C
TOOELE AD, UT	C
TRIPLER AMC, HI	A
TUTTLE AHC HUNTER ARMY AIRFIELD, GA	C
UNIT AID STAT AHB DIVRTY, 1ST AD, ZIRNDORF, GE	C
UNIT AID STAT CAKMAKLI, DET 67, TUSLOG, TU	C
UNIT AID STAT, 1/36TH, AUGSBURG, REESE KAS, GE	C
UNIT AID STAT, 1/509TH ABLT, IT	C
UNIT AID STAT, 1/59TH AD ARTY, WACKERHEIM, GE	C
UNIT AID STAT, 210TH ARTY GP, HERZO, GE	C
UNIT AID STAT, 317TH ENGR BN, ESCHBORN, GE	C
UNIT AID STAT, 503D CAB, HANAU, GE	C
UNIT AID STAT, BAMBERG, GE	C
UNIT AID STAT, BOEBLINGEN, PANZER, GE	C
UNIT AID STAT, JOHNSON BKS, FUERTH, GE	C
UNIT AID STAT, MERRILL BKS, NUERNBERG, GE	C
UNIT AID STAT, O'BRIEN BKS, SCHWABACH, GE	C
UNIT AID STAT. HHC 8TH INF DIV, FINTHEN, GE	C
UNIT AID STAT. HHC, VII CORP, MOEHRINGEN, GE	C
UNIT AID STAT. HQ, 1 BDE, KIRCHGOENS, GE	C
UNIT AID STAT., DRAKE-EDWARDS KASERNE, GE	C
UNIT AID STAT., FUERTH, GE	C
US AID STA, 78TH EN BN, ETTLINGEN (CLOSED), GE	C
USA A RADER CLINIC, FT. MYER, VA	C
USA CHESER DC, FT. POLK, LA	C
USA DISP, WM O'DARBY KAS., FUERTH (CLOSED), GE	C
USA DIV DC, FT. POLK, LA	C
USA DSP 223RD AV DIV ECHTERDINGEN (CLOSED), GE	C
USA ORAL HLTH CNTR SCHOFIELD BKS, HI	C
USA ORAL HLTH CTR, FT. DEVENS, MA	C
USA ORAL SURG DC, BAMC, TX	C
USA ORAL SURG DC, BAMC, TX	C
USA PHYSICAL EXAM CENTER, FT. BRAGG, NC	C
USA RECEIVING STATION, FT. BLISS, TX	C
USAC HOSPITAL SEOUL, KO	B
USADC #5, FT. HOOD, TX	C
USADC #6, FT. HOOD, TX	C
USADC AFCENR SCHINNEN, THE NETHERLANDS, NL	C
USADC ALLEN, FT. SILL, OK	C
USADC ANDERSON BKS, DEXHEIM, GE	C
USADC ANDREWS BKS, BERLIN, GE	C
USADC ARMSTRONG BKS, BUEDINGEN, GE	C
USADC AYERS KASERNE, KIRCHGOENS, GE	C
USADC BABENHAUSEN KASERNE, BABENHAUSEN, GE	C
USADC BACH, FT. CAMPBELL, KY	C
USADC BARRACKS, BAD KREUZNACH, GE	C
USADC BEITER, FT. ORD, CA	C
USADC BEN FRKLN VIL MANNHEIM-KAEFERTAL, GE	C
USADC BERLIN, (HOSP), GE	C
USADC BERNHEIM, FT. BENNING, GA	C

Facility and Location	Mission
USADC BURKE, FT. ORD, CA	C
USADC CALDWELL, FT. JACKSON, SC	C
USADC CAMBRAI FRITCH KASERNE, DARMSTADT, GE	C
USADC CAMP CARROLL (WAEGWAN), KO	C
USADC CAMP CASEY, KO	C
USADC CAMP GREAVES, KO	C
USADC CAMP HOWZE, KO	C
USADC CAMP HUMPHREYS (PYONGTAEK), KO	C
USADC CAMP LONG (WONJU), KO	C
USADC CAMP MARKET (BUPYONG), KO	C
USADC CAMP PAGE (CHUNCHON), KO	C
USADC CAMP PELHAM, KO	C
USADC CAMP RED CLOUD (UIJONGBU), KO	C
USADC CAMP STANLEY, KO	C
USADC CAMP WALKER (TAEGU), KO	C
USADC CARIUS (SEOUL), KO	C
USADC CHIEVRES AB, BE	C
USADC CHRISTENSON BKS, BINDLACH, GE	C
USADC CLAY KASERNE, GARLSTEDT, GE	C
USADC COL BULL, FT. LEE, VA	C
USADC COLEMAN BKS, MANNHEIM-SANDHOFEN, GE	C
USADC COLEMAN KASERNE, GELNHAUSEN, GE	C
USADC COOKE BKS, GOEPPINGEN, GE	C
USADC COWAN, FT. SILL, OK	C
USADC CRAVEN, FT. KNOX, KY	C
USADC DAVIS, FT. BRAGG, NC	C
USADC DEPENDENT CLINIC, BAUMHOLDER, GE	C
USADC DEPENDENT SHCOOLS, HANAU (closed), GE	C
USADC DOLAN BKS, SCHWAEBISCH HALL, GE	C
USADC DOWNS BKS, FULDA, GE	C
USADC DRAKE-EDWARDS KASERNE, FRANKFURT, GE	C
USADC EDERLE KASERNE, VICENZA, IT	C
USADC EPES, FT. MEADE, MD	C
USADC EPPERLY-3, FT. CAMPBELL, KY	C
USADC FAIRBANK, FT. HOOD, TX	C
USADC FERRIS BKS, ERLANGEN, GE	C
USADC FLIEGERHORST KASERNE, HANAU, GE	C
USADC FLINT KASERNE, BAD TOELZ, GE	C
USADC FRANKFURT, CLARK KASERNE (hosp-), GE	C
USADC FT. BUCHANAN, GA	C
USADC FT. CLAYTON, PN	C
USADC FT. GREELY, AK	C
USADC FT. INDIANTOWN GAP, PA	C
USADC FT. MCPHERSON, GA	C
USADC FT. MONMOUTH, NJ	C
USADC FT. RICHIE, MD	C
USADC FULTON, FT. LEWIS, WA	C
USADC GEN. ABRAMS, HOTEL GARMISCH, GE	C
USADC HAGEN, FT. JACKSON, SC	C
USADC HANSA ALLEE, FRANKFURT, GE	C
USADC HARDT KASERNE SCHAEBISCH GMUEND, GE	C
USADC HARPER, FT. LEONARD WOOD, MO	C
USADC HARVEY BARRACKS, KITZENGEN, GE	C
USADC HAWTHORNE, NV	C
USADC HERZO BASE, HERZOGENAURACH, GE	C
USADC HIALEAH COMPOUND (PUSAN), KO	C
USADC HINDENBERG KATTERBACH, GE	C

Facility and Location	Mission
USADC HOUSING AREA, BUTZBACH, GE	C
USADC HUSTERHOEH KASERNE, PIRMASENS, GE	C
USADC JAEGER KASERNE, ASCHAFFENBURG, GE	C
USADC KALB HOUSING, FUERTH, GE	C
USADC KELLEY BKS, MOEHRINGEN, GE	C
USADC KLEBER KASERNE, KAISERSLAUTENEN, GE	C
USADC KRABBENLOCH KASERNE, LUDWIGSBURG, GE	C
USADC KREUZBERG KASERNE, ZWEIBRUECKEN, GE	C
USADC KUHN, FT. CAMPBELL, KY	C
USADC LAFLAME, FT. BRAGG, NC	C
USADC LARSON, FT. CARSON, CO	C
USADC LEDWARD BKS, SCHWEINFURT, GE	C
USADC LEE BKS, MAINZ, GE	C
USADC LEGHORN (LIVORNO), IT	C
USADC LOGAN, FT. BELVOIR, VA	C
USADC MARGOLIS, FT. KNOX, KY	C
USADC MCCULLY BKS, WACKERHIEM, GE	C
USADC MCKEE BKS, CRAILSHEIM, GE	C
USADC MCNAIR BKS, BERLIN, GE	C
USADC MCPHEETERS BKS, BAD HERSFELD, GE	C
USADC MERRIL, FT. BENNING, GA	C
USADC MILLS, FT. DIX, NJ	C
USADC MUENCHWEILER USAH FACILITY, GE	C
USADC NATO BRUSSELS, BE	C
USADC NELLINGEN AFLD, NELLINGEN, GE	C
USADC NELSON, FT. KNOX, KY	C
USADC NEU ARGONNER, HANAU, GE	C
USADC NEUREUT KASERNE, KARLSRUHE, GE	C
USADC NUERNBERG, STANDORT LAZARETT, GE	C
USADC OBRIEN BKS, SCHWABACH, GE	C
USADC OLIVER, FT. JACKSON, SC	C
USADC PANZER KASERNE, BOEBLINGEN, GE	C
USADC PATCH BKS, VAIHINGEN, GE	C
USADC PEDEN BKS, WERTHEIM, GE	C
USADC PENDLETON BKS, GIESSEN, GE	C
USADC PENTAGON, DC	C
USADC PERKINS, FT. HOOD, TX	C
USADC PERLACHER FORST, MUNICH, GE	C
USADC POND BKS, AMBERG, GE	C
USADC RAY BARRACKS, FRIEDBERG, GE	C
USADC REC STA, FT. DIX, NJ	C
USADC REDSTONE ARSENAL, AL	C
USADC RHOADES, FT. SAM HOUSTON, TX	C
USADC RHODE, FT. BRAGG, NC	C
USADC ROBINSON BKS, BAD CANSTATT, GE	C
USADC ROLL, FT. LEONARD WOOD, MO	C
USADC RUNION, FT. HUACHUCA, AZ	C
USADC SALOMON, FT. BENNING, GA	C
USADC SCHLOSS STR BAD KISSINGEN, GE	C
USADC SCHOFIELD BKS, HI	C
USADC SEOUL, KO	C
USADC SINOP, TU	C
USADC SMITH BKS, BAUMHOLDER, GE	C
USADC SMITH, FT. CARSON, CO	C
USADC SMITH, FT. LEAVENWORTH, KS	C
USADC SOUTH POST (SEOUL), KO	C
USADC ST. LOUIS, FED BLDG, MO	C

Facility and Location	Mission
USADC STONE, FT. ORD, CA	C
USADC STORK BKS, ILLESHEIM, GE	C
USADC STOUT, FT. MCCLELLAN, AL	C
USADC TAUKKUNEN BKS, WORMS, GE	C
USADC TAYLOR, FT. CAMPBELL, KY	C
USADC TAYLOR, FT. CAMPBELL, KY	C
USADC TIGNOR, FT. EUSTIS, VA	C
USADC TINGAY, FT. GORDON, GA	C
USADC TNG AREA, GRAFENWOEHR, GE	C
USADC TNG AREA, HOHENFELS, GE	C
USADC TOMPKINS BKS, SCHWETZINGEN, GE	C
USADC USA ORD DEPOT, GEMERSHEIM, GE	C
USADC VAIL, FT. DEVENS, MA	C
USADC VOGELWEH-KAISERSLAUTRN, VOGELWEH, GE	C
USADC WARNER KSRN, BAMBERG, GE	C
USADC WARTON BKS, HEILBRON, GE	C
USADC WEEKS, FT. SILL, OK	C
USADC WEIERHOF-KAISERSLAUTRN, KIRCHHEIM-B, GE	C
USADC WIESBADEN AB, GE	C
USADC WILDFLECKEN SUB POST, GE	C
USADC WILEY BKS, NEU ULM, GE	C
USADC, FT. BLISS, TX	C
USADC, FT. RICHARDSON, AK	C
USADC, GORGAS, PN	C
USADC, ROY A. STOUT DC, AL	C
USADC-1, FITZSIMONS, CO	C
USADC-1, FT IRWIN, CA	C
USADC-1, FT. BENNING, GA	C
USADC-1, FT. CARSON, CO	C
USADC-1, FT. GORDON, GA	C
USADC-1, FT. HUACHUCA, AZ	C
USADC-1, FT. RUCKER, AL	C
USADC-1, FT. STEWART, GA	C
USADC-1, SHERIDAN KASERNE, GE	C
USADC-1, USMA(POST), NY	C
USADC-2, FITZSIMONS, CO	C
USADC-2, FT. BENNING, GA	C
USADC-2, FT. LEWIS, WA	C
USADC-2, FT. RILEY, KS	C
USADC-2, FT. RUCKER, AL	C
USADC-2, FT. SILL, OK	C
USADC-2, SHERIDAN KASERNE, GE	C
USADC-2, SMITH BARRACKS, BAUMHOLDER, GE	C
USADC-2, USMA(STEWART), NY	C
USADC-3, FT. BENNING, GA	C
USADC-3, FT. BLISS, TX	C
USADC-3, FT. HOOD, TX	C
USADC-3, FT. LEWIS, WA	C
USADC-3, FT. MEADE, MD	C
USADC-3, FT. POLK, LA	C
USADC-3, FT. RILEY, KS	C
USADC-3, FT. STEWART, GA	C
USADC-3, USMA, NY	C
USADC-4, FT. POLK, LA	C
USADC-4, FT. RILEY, KS	C
USADC-4, FT. STEWART, GA	C
USADC-5&6, FT. LEONARD WOOD, MO	C

Facility and Location	Mission
USADC-5, FT. BRAGG, NC	C
USADC-5, FT. RILEY, KS	C
USADC-5, FT. RUCKER, AL	C
USADC-6, FT. BRAGG, NC	C
USADC-6, FT. RILEY, KS	C
USADC-7, FT. KNOX, KY	C
USAF ACADEMY DC (1), USAF ACADEMY, CO	C
USAF ACADEMY DC (2), USAF ACADEMY, CO	B
USAF ACADEMY HOSPITAL, USAF ACADEMY, CO	C
USAF CL CAMP NEW AMSTERDA, SOESTERBERG AB, NL	C
USAF CL GREENHAM COMMON, RAF GREENHAM COMMON, UK	C
USAF CLINIC ALCONBURY, RAF UPWOOD, UK	C
USAF CLINIC ANKARA, ANKARA AS, TU	C
USAF CLINIC ANKARA, ANKARA AS, TU	C
USAF CLINIC AVIANO, AVIANO AB, IT	C
USAF CLINIC BENTWATERS, RAF BENTWATERS, UK	C
USAF CLINIC BROOKS, BROOKS AFB, TX	C
USAF CLINIC CHARLESTON, CHARLESTON AFB, SC	C
USAF CLINIC CHICKSANDS, RAF CHICKSANDS, UK	C
USAF CLINIC COMISO, COMISO AS, IT	C
USAF CLINIC EIELSON, EIELSON AFB, AK	C
USAF CLINIC FAIRFORD, RAF FAIRFORD, UK	C
USAF CLINIC FLORENNES, FLORENNES AB, BE	C
USAF CLINIC GEILENKIRCHEN, GEILENKIRCHEN AB, GE	C
USAF CLINIC GOODFELLOW, GOODFELLOW AFB, TX	C
USAF CLINIC HANSCOM, HANSCOM AFB, MA	C
USAF CLINIC IZMIR, IZMIR, TU	C
USAF CLINIC KELLY, KELLY AFB, TX	C
USAF CLINIC LOS ANGELES, LOS ANGELES AFS, CA	C
USAF CLINIC LOWRY, LOWRY AFB, CO	C
USAF CLINIC MCCHORD, MCCHORD AFB, WA	C
USAF CLINIC MCCHORD, MCCHORD AFB, WA	C
USAF CLINIC MCCLELLAN, MCCLELLAN AFB, CA	C
USAF CLINIC MCGUIRE, MCGUIRE AFB, NJ	C
USAF CLINIC NORTON, NORTON AFB, CA	C
USAF CLINIC PENTAGON (ANDREWS), PENTAGON, DC	C
USAF CLINIC PETERSON, PETERSON AFB, CO	C
USAF CLINIC POPE, POPE AFB, NC	C
USAF CLINIC RAMSTEIN, RAMSTEIN AB, GE	C
USAF CLINIC RANDOLPH, RANDOLPH AFB, TX	C
USAF CLINIC RHEIN MAIN, RHEIN MAIN AB, GE	C
USAF CLINIC SAN VITO, SAN VITO AS, IT	C
USAF CLINIC SEMBACH, SEMBACH AB, GE	C
USAF CLINIC SPANGDAHLEM, SPANGDAHLEM AB, GE	C
USAF CLINIC VANCE, VANCE AFB, OK	C
USAF CLINIC ZARAGOZA, ZARAGOZA AB, SP	C
USAF CLINIC ZWEIBRUCKEN, ZWEIBRUCKEN AB, GE	C
USAF DC ANDREWS, ANDREWS AFB, MD	C
USAF DC CHICKSANDS, RAF CHICKSANDS, UK	C
USAF DC COLUMBUS, COLUMBUS AFB, MS	C
USAF DC EDWARDS, EDWARDS AFB, CA	C
USAF DC EIELSON, EIELSON AFB, AK	C
USAF DC ELMENDORF (1), ELMENDORF AFB, AK	C
USAF DC ELMENDORF (2), ELMENDORF AFB, AK	C
USAF DC GREENHAM COMMON, RAF GREENHAM COMMON, UK	C
USAF DC GUNTER, GUNTER AFB, AL	C
USAF DC HANSCOM, HANSCOM AFB, MA	C

Facility and Location	Mission
USAF DC HELLENIKON, HELLENIKON AB, GR	C
USAF DC IZMIR, IZMIR AB, TU	C
USAF DC LACK OFF TRN ANX, LACKLAND AFB, TX	C
USAF DC LAJES FIELD, LAJES FIELD, AO	C
USAF DC LAKENHEATH (1), RAF LAKENHEATH, UK	C
USAF DC LAKENHEATH (2), RAF LAKENHEATH, UK	C
USAF DC MAXWELL, MAXWELL AFB, AL	C
USAF DC MCCLELLAN, MCCLELLAN AFB, CA	C
USAF DC MISAWA (1), MISAWA AB, JA	C
USAF DC MISAWA (2), MISAWA AB, JA	C
USAF DC MOUNTAIN HOME, MOUNTAIN HOME AFB, ID	C
USAF DC RAMSTEIN, RAMSTEIN AB, GE	C
USAF DC RANDOLPH, RANDOLPH AFB, TX	C
USAF DC WEISBADEN, WIESBADEN AFB, GE	C
USAF DENTAL CL CHARLESTON, CHARLESTON AFB, SC	C
USAF DENTAL CL MCGUIRE, MCGUIRE AFB, NJ	C
USAF DENTAL CLINIC AVIANO, AVIANO AB, IT	C
USAF DENTAL CLINIC DOVER, DOVER AFB, DE	C
USAF DENTAL CLINIC HAHN, HAHN AB, GE	C
USAF DENTAL CLINIC KADENA, KADENA AB, JA	C
USAF DENTAL CLINIC KEESLE, KEESLER AFB, MS	C
USAF DENTAL CLINIC KELLY, KELLY AFB, TX	C
USAF DENTAL CLINIC LOWRY, LOWRY AFB, CO	C
USAF DENTAL CLINIC MATHER, MATHER AFB, CA	C
USAF DENTAL CLINIC OSAN, OSAN AB, KO	C
USAF DENTAL CLINIC POPE, POPE AFB, NC	C
USAF DENTAL CLINIC SCOTT, SCOTT AFB, IL	C
USAF DENTAL CLINIC TRAVIS, TRAVIS AFB, CA	C
USAF DENTAL CLINIC YOKOTA, YOKOTA AB, JA	C
USAF HOSP ELMENDORF, ELMENDORF AFB, A	BK
USAF HOSP UPPER HEYFORD, RAF UPPER HEYFORD, UK	B
USAF HOSPITAL ALTUS, ALTUS AFB, OK	B
USAF HOSPITAL ALTUS, ALTUS AFB, OK	B
USAF HOSPITAL BITBURG, BITBURG AB, GE	B
USAF HOSPITAL CHANUTE, CHANUTE AFB, IL	B
USAF HOSPITAL COLUMBUS, COLUMBUS AFB, MS	B
USAF HOSPITAL DOVER, DOVER AFB, DE	B
USAF HOSPITAL EDWARDS, EDWARDS AFB, CA	B
USAF HOSPITAL HAHN, HAHN AB, GE	B
USAF HOSPITAL HELLENIKON, HELLENIKON AB, GR	B
USAF HOSPITAL HILL, HILL AFB, UT	B
USAF HOSPITAL INCIRLIK, INCIRLIK AB, TU	B
USAF HOSPITAL IRAKLION, IRAKLION AS, CR	B
USAF HOSPITAL KIRTLAND, KIRTLAND AFB, NM	B
USAF HOSPITAL LAJES, LAJES FLD, AO	B
USAF HOSPITAL LAUGHLIN, LAUGHLIN AFB, TX	B
USAF HOSPITAL LITTLE ROCK, LITTLE ROCK AFB, AR	B
USAF HOSPITAL MATHER, MATHER AFB, CA	B
USAF HOSPITAL PATRICK, PATRICK AFB, FL	B
USAF HOSPITAL REESE, REESE AFB, TX	B
USAF HOSPITAL ROBINS, ROBINS AFB, GA	B
USAF HOSPITAL TINKER, TINKER AFB, OK	B
USAF HOSPITAL TORREJON, TORREJON AB, SP	B
USAF HOSPITAL WILLIAMS, WILLIAMS AFB, AZ	B
USAF MEDICAL CENTER SCOTT, SCOTT AFB, IL	B
USAF MEDICAL CTR KEESLER, KEESLER AFB, MS	A
USAF REG HOSP LAKENHEATH, RAF LAKENHEATH, UK	B

Facility and Location	Mission
USAF REG HOSP SHEPPARD, SHEPPARD AFB, TX	B
USAF REG MEDCTR WIESBADEN, WIESBADEN AB, GE	A
USAF REGIONAL HOSP EGLIN, EGLIN AFB, FL	B
USAF TROOP CL LACKLAND, LACKLAND AFB, TX	C
USAFDENTAL CLINIC BITBURG, BITBURG AB, GE	C
USAFDENTAL CLINIC CHANUTE, CHANUTE AFB, IL	C
USAFDENTAL CLINIC PATRICK, PATRICK AFB, FL	C
USAH BERLIN, GE	C
USAH&DC ABERDEEN PROVING GROUNDS, MD	C
USAH&DC FT. A. P. HILL, VA	C
USAH&DC FT. HAMILTON, NY	C
USAH&DC, COCO SOLO, PN	C
USAHC AMBERG, GE	C
USAHC ANNISTON DEPOT, AL	C
USAHC ARLINGTON HALL, VA	C
USAHC BABENHAUSEN, GE	C
USAHC BAD AIBLING, GE	C
USAHC BAD KISSINGEN, GE	C
USAHC BERCHTESGADEN, GE	C
USAHC BINDLACH, GE	C
USAHC BRUSSELS, BE	C
USAHC BUEDINGEN, GE	C
USAHC CAMERON STATION, VA	C
USAHC CAMP BULLIS, TX	C
USAHC CAMP CARROLL (WAEGWAN), KO	C
USAHC CAMP CASEY (TONGDUCHON), KO	C
USAHC CAMP EDWARDS (MUNSAN AREA), KO	C
USAHC CAMP HUMPHREYS (PYONGTAEK), KO	C
USAHC CAMP LONG (WONJU), KO	C
USAHC CAMP MARKET (BUPYONG), KO	C
USAHC CAMP PAGE (CHUN CHEON), KO	C
USAHC CAMP RED CLOUD (UIJONGBU), KO	C
USAHC CAMP WALKER (TAEGU), KO	C
USAHC CARLISLE BARRACKS, PA	C
USAHC CHEJUDO CHEJU ISLAND,MCNABB COMPOUND, KO	C
USAHC DCSC COLUMBUS, OH	C
USAHC DUGWAY PROVING GROUNDS, UT	C
USAHC EDGEWOOD, MD	C
USAHC FRIEDBERG, GE	C
USAHC FSTC CHARLOTTESVILLE, VA	C
USAHC FT. BUCHANAN, PR	C
USAHC FT. CLAYTON, PN	C
USAHC FT. DETRICK, MD	C
USAHC FT. DRUM, NY	C
USAHC FT. GREELY, AK	C
USAHC FT. MCNAIR, DC	C
USAHC FT. MCPHERSON, GA	C
USAHC FT. MONROE, VA	C
USAHC FT. PICKETT, VA	C
USAHC FT. RICHIE, MD	C
USAHC FT. SHERIDAN, IL	C
USAHC FT. STORY, VA	C
USAHC GARLSTEDT, GE	C
USAHC HAWTHORNE, NV	C
USAHC HIALEAH COMPOUND (PUSAN), KO	C
USAHC HUNTER-LIGGETT, CA	C
USAHC ILLESHEIM, GE	C

Facility and Location	Mission
USAHC KIRK ABERDEEN, MD	C
USAHC LETTERKENNY DEPOT, PA	C
USAHC LEXINGTON BLUE GRASS DEPOT, KY	C
USAHC LIVORNO, IT	C
USAHC M. OT. BAYONNEEE, NJ	C
USAHC MCALESTER AAP, OK	C
USAHC MCGREGOR RANGE, TX	C
USAHC MUNICH, GE	C
USAHC NATICK LAB, MA	C
USAHC NEW CUMBERLAND DEPOT, PA	C
USAHC OAKLAND, CA	C
USAHC PENTAGON, DC	C
USAHC PICATINNY ARSENAL, NJ	C
USAHC PINE BLUFF ARSENAL, AR	C
USAHC PRESIDIO, MONTEREY, CA	C
USAHC PUEBLO, CO	C
USAHC RED RIVER DEPOT, TX	C
USAHC RHEINBERG, GE	C
USAHC RICHMOND BLUE GRASS DEPOT, KY	C
USAHC ROCK ISLAND ARSENAL, IL	C
USAHC ROCKY MT. ARSENAL, CO	C
USAHC SACRAMENTO DEPOT, CA	C
USAHC SCHOFIELD BARRACKS, HI	C
USAHC SELFRIDGE NG, MI	C
USAHC SENECA DEPOT, NY	C
USAHC SHARPE DEPOT, CA	C
USAHC SIERRA DEPOT, CA	C
USAHC SINOP, DET 4, TUSLOG, TU	C
USAHC ST. LOUIS, MO	C
USAHC STEWART SUBPOST, WEST POINT, NY	C
USAHC TOBYHANNA DEPOT, PA	C
USAHC TRACY DEPOT, CA	C
USAHC UMATILLO, OR	C
USAHC VILSECK, GE	C
USAHC VINT HILL FARMS, VA	C
USAHC WATERTOWN ARSENAL, NY	C
USAHC WATERVLIET ARSENAL, NY	C
USAHC WHITESANDS, NM	C
USAHC WIESBADEN, GE	C
USAHC YAKIMA, WA	C
USAHC YONGSAN (SEOUL), KO	C
USAHC YUMA P.G., AZ	C
USAHC, INDIANTOWNGAP, PA	C
USAOHC FT. BRAGG, NC	C
USAOHC FT. MCCOY, WI	C
USAOHC RICHMOND, VA	C
USAOHC SAVANNA ARMY DEPOT, IL	C
USAOHC TARCOM, WARREN, MI	C
USAOHC, FT ORD, CA	C
USAOHC, REDSTONE ARS, AL	C
USATC FT. CHAFEE, AR	C
USATC FT. RICHARDSON, AK	C
USATC KILAUEA MIL CAMP, HI	C
USATC POHAKULOA TNG AREA HILO, HI	C
USDA FAMILY MEMBER, FT. GORDON, GA	C
USMA CADET HC, NY	C
WALSON AH, FT. DIX, NJ	B

Facility and Location	Mission
WALTER REED AMC, DC	A
WEED AH, FT. IRWIN, CA	A
WILFORD HALL USAF MED CTR, LACKLAND AFB, TX	A
WILLIAM BEAUMONT AMC, FT. BLISS, TX	A
WINDER HEALTH CLINIC, FT BENNING, GA	C
WINN AH, FT. STEWART, GA	B
WOMACK AH, FT.BRAGG, NC	B
WOOD AH, FT. LEONARD WOOD, MO	B

Question: With regard to base closures and new missions, you mention a new Medical-Dental Clinic at Ingleside Naval Station in Texas. Is this sized to meet the needs with the ships being restationed from Galveston?

Answer: The new medical-dental clinic at Naval Station, Ingelside was sized to meet the needs of the personnel stationed at Ingleside. The stationing of additional ships will increase the population to be supported. Our review of the impact of this increase on the design of the planned facility indicates that sufficient flexibility exists to accommodate the increase in population without change to the clinic design.

Question: The Philadelphia Naval Hospital has been placed on the latest list to be closed.

Where are the personnel who use this facility going to for treatment? I understand that Fort Dix was an alternate location, but Fort Dix is to be curtailed operationally. Also, McGuire AFB personnel now use Fort Dix -- where will they go?

And, finally, even if the Naval Hospital at Philadelphia were to remain open, there is a need for a new clinic on the Naval Base proper. What is the status of this project?

Answer: The Defense Secretary's Commission on Base Realignment and Closure recommended that Fort Dix be realigned to semi-active status and that the Naval Hospital Philadelphia be closed, but recommended that the Department of Defense determine how to align the remaining health care resources in the Delaware Valley. The Commission stated that DoD should study various cost-effective health care alternatives, including the use of Walson Army Hospital at Fort Dix, New Jersey. Further the Commission recommended retention of the Naval Hospital at Philadelphia site until a final decision on overall health care in the region is reached.

A resources sharing agreement with the Veterans Administration Medical Center of Philadelphia appears to offer the best possible solution for meeting the inpatient and outpatient needs of DoD eligible beneficiaries in Philadelphia. Additionally, a replacement Medical/Dental Clinic at the Philadelphia Naval Shipyard is programmed in the FY 91 Military Construction Program. The ASD(HA) has contracted for an assessment of the changes in beneficiary population and the corresponding change in workload to generate cost projections for health care delivery alternatives. The results of the assessment are due May 1, 1989.

All construction decisions will be delayed until Congress acts on the Commission's recommendations and a potential VA/DoD Sharing alternative in Philadelphia is fully explored.

DEFENSE MEDICAL FACILITIES

Question: Is the Department of Defense able to recruit and retain doctors and nurses to staff the hospitals properly? Give us your views on this situation.

Answer: The Department has been quite successful in keeping funded Medical and Nurse Corps billets staffed at or near 100 percent. Since Fiscal Year 1981, the staffing level for these two Corps has averaged better than 99 percent of funded authorizations, and authorizations have been increased during this period. Funded manpower positions are not yet at optimal levels needed to meet the peacetime health care demands of our medical treatment facilities, especially for the clinical and administrative personnel required to support physicians and nurses. The ongoing development of the Joint Healthcare Manpower Standards will help document the numbers and disciplines of medical personnel needed to optimally staff our hospitals and clinics in peacetime.

In the aggregate, these staffing levels do not indicate serious recruiting and retention problems. However, in the past few years, the Services have experienced increasing difficulties in recruitment and retention, particularly with respect to certain health professional specialties. To address these problems, the Congress directed the Department to develop an interim medical officer retention bonus effective in Fiscal Year 1989, and to propose a permanent retention bonus plan for Fiscal Year 1990 and beyond. In addition, the Congress requested the Department prepare a report on addressing recruiting and retention problems of registered nurses and to propose any special pays or incentive programs deemed necessary to ensure a sufficient level of nurse staffing within our medical treatment facilities.

Two reports on physician compensation were provided to the Congress in November and December, 1988. The report on nurses is awaiting final clearance by the Office of Management and Budget and will be provided to the Congress once that review is completed.

DEFENSE SUPPLY SYSTEM

QUESTION: Can you explain how the overall Defense Supply Systems works? Do the Services and other agencies within DoD have to come through your operation for supplies?

The Army has undertaken three major projects in California, Pennsylvania and Texas to modernize their supply system. How do these facilities fit into the overall supply system with DLA?

Wouldn't it be more efficient to have direct supply from DLA instead of the Services being a sort of middle-man?

ANSWER: There are 4.9 million items of supply used by the Department of Defense. The Defense Logistics Agency (DLA) is the manager of 2.8 million of these items. The Military Services, other Defense Agencies, and GSA manage the remainder. There is only one manager (Service, Defense Agency, or GSA) for each item. The manager of an item buys and distributes the items to all users of the item. DLA is the manager and source of supply for nearly all of the food, medical supplies, fuels, and clothing and textiles used by the Military Services and about two-thirds of all the consumable spare parts. During FY 88 we managed 65 percent of the items used by the Army, 69 percent of the items used by the Navy, 54 percent of the items used by the Air Force, and 78 percent of the items used by the Marine Corps.

Each Military Service and Defense Agency has its own wholesale distribution system for storing, issuing and moving items of supply to the users. The Army distribution system for wholesale supplies (supplies bought and distributed to repair depots or end-users) consists of three depots located in the three geographic areas of the Continental United States that contain the most Army troops or are close to the ports that serve Army troops located overseas. These three depots are called Area Oriented Depots (AODs). They are located at New Cumberland Army Depot, New Cumberland, PA; Red River Army Depot, Texarkana, TX; and Sharpe Army Depot, Lathrop, CA. They primarily store and issue Army managed items of supply. DLA uses these Army depots to store and issue some of the items of supply which it manages.

The Army AODs are not "middlemen" in the DLA distribution system. They are used by DLA the same as DLA's own six depots. Items of supply are shipped from contractor-suppliers to the depot where they are stored. DLA then directs the depot when and where to ship the material. DLA does ship some items of supply from its own depots to Container Consolidation Points collocated with the AODs for consolidation with other shipments going from the Army depots to overseas customers.

The Services manage some retail supply levels for DLA managed items. This anticipates the need to have certain items readily accessible or their repetitive use makes it economical to do so. For example, the Navy has a retail operation at Norfolk to meet requirements of deploying ships. Similar levels are maintained at Air Force bases for the immediate needs of squadrons.

The Military Services and DLA continuously work together to eliminate redundancy and obtain efficiency of operations within the overall DoD distribution system.

BASE CLOSURE

QUESTION: With regard to the base closure report, many of the locations to be closed are said to have hazardous materials, waste contamination and so forth which will have to be disposed of prior to closure.

In most instances, the report states that the cleanup is covered by the Defense Environmental Restoration Program and would be accomplished in any event; and thus, there is no cost associated with the base closure.

Is this true? Would you have completed the cleanup at all the locations on the closure list by the time the closures are supposed to be complete?

What kind of costs are we looking at, what is the timing, and can you complete the actions the Base Closure Commission assumes within the limited amount of time?

ANSWER: Environmental clean-up is a separate issue from the base alignment and closure issue. The Department of Defense is obligated to fund this clean-up on each of the military bases regardless. It would be misleading to say the Department had to fund these environmental clean-up costs because of closing a base. A base may be closed or realigned prior to environmental clean-up; however, by law the Department of Defense cannot convey or transfer any property without first taking all remedial action necessary to protect human health and the environment. The clean-up of hazardous waste is done on a worst case first basis in order to maximize the protection to the people and the environment. Environmental studies have not been completed by the Department and the costs and timing of clean-up are not known.

QUESTION: Another question with regard to the base closure package -- DLA is the major tenant at Cameron Station in Alexandria as I understand it. Therefore, you would be impacted if Cameron Station were to be closed.

What is DLA doing in this regard? What are your estimates to move your administrative functions from Cameron Station? What other functions does DLA have there?

ANSWER: DLA is closely working with the U.S. Army Military District of Washington (MDW) and the Base Realignment and Closure Office (BRACO) to effect a smooth transition to our new quarters. We don't have "moving" estimates yet. However, DLA was previously planning to build a new building at Cameron Station which would have entailed several functional relocations and operational disruptions. The new concept to move to Ft. Belvoir allows us to pursue a 'turn key' approach which should cost considerable less money and lessen the impact to our customers. DLA currently has three Primary Level Field Activities collocated with HQ at Cameron Station; the Defense Fuel Supply Center, Defense Technical Information Center, and the DLA Administrative Support Center. In addition, DLA has 20+ other activities in leased space in the Capital region, which will be relocated in order to improve operations and reduce overall support cost by centralizing.

FACILITIES MODERNIZATION

QUESTION: I am pleased to see that your Agency has accepted the fact that new facilities are necessary for numerous reasons. Do you have a master plan to meet the facility needs of DLA?

How long do you expect it will take to modernize your facilities inventory?

In light of the decreasing defense dollar, can you expect to keep your modernization program on track?

ANSWER: Yes, we have an installation master plan for each of our depots and centers which is supported by a five-year construction program. We also recently completed an overall strategic mission master plan for the agency, which projects a longer range view of our needs.

Most of our buildings and supporting facilities are of World War II vintage, with some older and some of the later Korean War time period, which means that our facilities range in age from 36 to 70 years. We have estimated that it will take 40 plus years to replace these facilities at the current rate. We are concentrating our first construction efforts on those functions which are most vital to our operations and contribute the most to improved efficiency of operations.

We intend to continue to put sufficient priority on the replacement and modernization of our facilities. This will involve both the military construction and the operations and maintenance accounts, depending on whether replacement or major repair is the most economical means to achieve our objective. A decrease in defense dollars will most likely slow down our modernization efforts, but should not stop them.

DoD Schools

Question: Your request for FY 90 is slightly higher than the amount appropriated in FY 89; however, your request for FY 91 of $91.6 million is substantially higher than either of those years.

Can you explain this dramatic increase and what is behind it?

Answer: DoDDS is requesting $16.8 million in FY 1991 to build student meal facilities projects at 26 locations in Germany. This is an increase of $10.2 million over the $6.6

million requested for student meal facilities in FY 1990. These projects consist of kitchens and multipurpose rooms necessary for preparing and serving a nutritionally-balanced hot lunch. Many schools within DoDDS are forced to serve only cold box lunches or snacks because there are no facilities available to prepare and serve a hot lunch program.

Additionally, the higher funding levels requested in FY 1991 are needed in order to reduce the long-standing school construction backlog which, for DoDDS and Section 6 Schools combined, currently exceeds $500 million.

Question: Will you please explain the categories of schools within the DoD system? I am aware of the overseas schools, but what other schools do you support, where are they and why do we support them?

Answer: The Department of Defense operates two school systems, the Section 6 Schools which are located in the United States and Puerto Rico and the Department of Defense Dependents Schools (DoDDS) which are located overseas. Section 6 Schools are operated under Section 6 of Public Law 81-874 (20 U.S.C. §241), and Section 505(c) of Public Law 97-35 (20 U.S.C. §241 note). The Section 6 Schools were normally established where the local educational agencies could not offer military dependents a suitable free public education.

The Section 6 Schools are located at Fort McClellan, Fort Rucker and Maxwell Air Force Base, Alabama; Fort Benning, Fort Stewart, and Robins Air Force Base, Georgia; Fort Knox, and Fort Campbell, Kentucky; England Air Force Base, Louisiana; West Point, New York; Camp Lejeune, and Fort Bragg, North Carolina; Beaufort Marine Corps Base, Fort Jackson, and Myrtle Beach Air Force Base, South Carolina; Dahlgren Naval Surface Warfare Center, and Quantico Marine Corps Base, Virginia; and the Antilles Consolidated School System in Puerto Rico.

We support the Section 6 Schools because the strong opposition of the local communities that would have to absorb our students, the grave concerns of our military parents that transfers would compromise the quality of their children's education, and the substantial economic, logistics and personnel problems associated with transfers prevent the amicable transfer of our students at this time.

Question: How does the DoD Schools System interact with the Department of Education?

Answer: Section 6 of Pub. L. No. 81-874 and Section 505(c) of Pub. L. No. 97-35 authorize the Secretary of Defense to make "arrangements" for the education of certain Federally connected children when prescribed conditions are met. These arrangements may include the establishment of schools within the United States and specified possessions [20 U.S.C. §241(a), (c); 10 U.S.C. §113 note]. The relationship between the Department of Education and the Department of Defense is set forth in a Memorandum of Understanding signed in 1982. Pursuant to the agreement, the Secretary of Education has the right to offer advice to the Department of Defense concerning the administration of the Section 6 Schools and to monitor the educational programs.

The DoD schools overseas have an Advisory Council on Dependents Education co-chaired by the senior officials of the Department of Defense and Department of Education.

Question: How does Impact Aid from the Education Department play into the DoD schools located within the United States?

Answer: No Section 6 School that is fully funded by DoD receives impact aid monies from the United States Department of Education under Section 3 of Pub. L. No. 81-874, as amended, 20 U.S.C. §238.

Question: What is the status of the Section 6 Schools and any plans to turn them over to local school districts?

Answer: The DoD Section 6 Schools are being retained as they have been operating. On December 30, 1988, Deputy Secretary of Defense Taft advised the Chairmen of the Senate and House Committees on Armed Services and Appropriations that DoD had fully met Congress' guidance to study the feasibility of transferring educational responsibility for the Section 6 students. Since there were no incentives to encourage States to absorb our students into local school systems and transfers under current conditions would result in , at best, minimal savings in the DoD budget, Mr. Taft directed the suspension of the Department's efforts to effect transfer of Section 6 students. If a specific State is interested in assuming the educational responsibility for our Section 6 students and is supported by the appropriate Members of Congress, we will be willing to work with them.

Question: What role has the Department of Education played in this decision?

Answer: Public Law 97-35, Omnibus Budget Reconciliation Act of 1981, authorizes the Secretary of Defense, among other things, to make educational arrangements under Section 6, including funding for and operating Section 6 Schools. Consequently, the Department of Education was not involved in the decision to maintain the Section 6 Schools as they are currently operated; it was, however, advised of the decision.

Question: What are the feelings of the local communities?

Answer: None of our dicussions with State or local officials disclosed significant support, much less enthusiasm, for transferring educational responsibility for our students to the local communities.

Question: I understand that one of the most serious problems U.S. military personnel face when assigned to Guam is the very poor educational system. Why can't we have DoD Dependents Schools on Guam?

Answer: As an American territory, Guam has its own Department of Education. Neither the Government of Guam nor the Department of Defense supports the setting up of separate DoD schools for military dependent children on Guam. If we were to set up a school on Guam, it would be a Section 6 School. However, setting up a separate school would be viewed by the Government of Guam as our creating two classes of citizens. We have come a long way in building a good relationship with the Government of Guam, and the Department would oppose such an initiative.

Question: And if we cannot, what is your office doing to improve the situation for U.S. personnel?

Answer: The Department of Defense entered into a contractual arrangement in September 1988 with the Guam Department of Education under Section 6 of Pub. L. No. 81-874 and Section 505(c) of Pub. L. No. 97-35, to improve the quality of education in the local school system. Major provisions of the contract include: 1) the development of an English proficiency test for educators; 2) the recruitment of fully qualified teachers; 3) the replacement and/or remediation of Guam Department of Education teachers with qualified

English proficient teachers; 4) the implementation of a performance evaluation plan for teachers and administrators in the system; 5) the improvement of the curriculum and instruction to ensure they meet the needs of students at all levels; and 6) the improvement of educational facilities.

QUESTIONS SUBMITTED BY SENATOR HARRY REID

Question: As presently designed, when will the Joint Air Force/VA Joint Venture Hospital at Nellis AFB, Nevada, be ready to admit patients?

Answer: As presently designed, the Joint Air Force/VA Joint Venture Hospital at Nellis Air Force Base, Nevada will be ready to admit patients in January, 1994.

Question: I understand this hospital is an acute care facility and will not provide intermediate and long-term services although chronic needs will not be ignored. Is this information correct?

Answer: Yes.

The 3 July 1985 report by Vector Research, Inc. and Sherlock, Smith, and Adams, Inc. on "An Air Force Veteran's Administration Joint Venture at USAF Hospital Nellis" concludes that acute medical/surgical care for the AF and VA is the best economic solution. This is based on information contained in "An Economic Analysis of USAF Hospital Nellis" (31 Oct 84, Vector Research and SS&A) and "A Veterans Administration Feasibility Report on Inpatient Services for Las Vegas, Nevada" (5 Jun 84, Weisgrau and Ng, Long Beach VA Medical Center). This approach does satisfy a definite need of veterans, since two-thirds of hospitalized veterans require medical/surgical care and stay in the hospital three weeks or less.

Active duty AF members with long term illnesses who are no longer fit for military service are discharged and typically transferred to the VA for health care needs.

Retirees who require long term care would normally be transferred to either a VA facility if they are VA eligible, or to a civilian treatment center since the primary mission of the military hospital is acute care for active duty personnel.

Dependents who require custodial or domiciliary care would be transferred to a civilian medical facility since the law prohibits DoD from providing this type of care.

Question: After the condition of a patient has stabilized, where will veterans be sent to recuperate? Air Force personnel?

Answer: a. The Nellis AF/VA Joint Venture Report states "...long-term and psychiatric veteran inpatient care will continue to be provided at California VAMCs and on a fee basis at local civilian hospitals".

b. If the active duty member can be returned to duty, he or she will continue to be cared for in the Nellis hospital or other DoD medical facility. If the individual only requires a recuperative period and not hospitalization, he or she will be given convalescent leave.

Question: What will be the effect upon the anticipated completion date and cost of the facility if it is redesigned to accommodate long-term and intermediate care patients?

Answer: The project would be stopped immediately. Since the Department of Defense does not provide these types of services, we would have to coordinate the design requirements with the Veterans Administration. If the VA should decide that long-term and intermediate care facilities should be included in the project currently being planned, redesign, delay and increased cost for both design and construction could be expected. The project would not be executable in FY 1990.

Question: What will be the budgetary effect of adding a neighboring convalescent care facility?

Answer: The budgetary effect of adding a convalescent care facility must be addressed by the VA; however, the Nellis AF/VA Joint Venture Report does state the site has been expanded slightly from the original Nellis plan in order to provide room for potential VA construction of a drug and alcohol rehabilitation center, a psychiatric facility, and/or a VA nursing home.

[CLERK'S NOTE.—Subsequent to the hearings, budget revisions were submitted to the committee. Following are statements from the three military departments outlining changes to the budget request.]

STATEMENT OF MAJ. GEN. PETER J. OFFRINGA

Mr. Chairman and Members of the Subcommittee. I am Major General Peter J. Offringa, Assistant Chief of Engineers, Office of the Chief of Engineers, Department of the Army.

I am pleased to come here and present the amendment to Army's portion of the Military Construction Appropriations Request for fiscal years 1990 and 1991. I believe this program will better align our most pressing construction requirements to the limited resources available under the reductions in the Defense Department. The program presented requests appropriations for Military Construction, Army (MCA) of $745,300,000 in fiscal year 1990 and $995,300,000 in fiscal year 1991, and for Family Housing, Army (AFH) we request appropriation of $1,438,200,000 in fiscal year 1990 and $1,617,250,000 in fiscal year 1991.

This budget represents a reduction from our prior appropriation request in both MCA and AFH, $159,500,000 and $30,800,000, respectively, in fiscal year 1990 and $187,300,000 and $37,300,000 in fiscal year 1991 due to the fiscal constraints that were jointly agreed to by the Administration and the Congress. The amended biennial budget represents the Army's efforts to retain a logical, executable program; maintain the readiness of the existing force; ensure that the existing force is sustainable; and continue to provide facilities modernization, investment and quality of life resources. We also balanced the request between construction in the United States and overseas in the amendment to the fiscal years 1990 and 1991 programs. The family housing portion of this amended budget has been reduced only for the changes in the estimates of future foreign currency exchange rates.

The major change to the budget was to delay our lower priority projects from the fiscal year 1990 program to fiscal year 1991, while modifying that years' program by deferring lower priority projects to the outyears.

Now, with your permission I will present the details of the amendment to the fiscal years 1990 and 1991 program, highlight selected initiatives that were modified by the amendment and show the balance that this amendment achieves in support for the total Army. First, let us look at the three primary perspectives of our soldiers in the MCA program; working, training and living conditions.

WORKING AND TRAINING CONDITIONS

The amended budget did not change the emphasis on working and training conditions although the percentage of the program devoted to these areas changed slightly. In fiscal year 1990 the percent declined two percent to forty-nine percent while in fiscal year 1991 we increased the percentage of the program dedicated to working and living conditions by two percent to a new total of fifty-five percent. A total of $366,110,000 is now included in the fiscal year 1990 request and $549,210,000 in 1991 to ensure this support will be sustained.

The new fiscal years 1990 and 1991 requests include $90,100,000 and $75,920,000 for Operational projects, $67,320,000 and $90,980,000 for Training ranges and facilities, $168,800,000 and $350,780,000 for Maintenance and Production, $43,240,000 and $31,530,000 for Research, Development, Test and Evaluation.

LIVING CONDITIONS

The operational necessity of sustaining a ready Army and high priority defense initiatives have forced us to slow down on our quality of life programs. Thus, the amended budget has reduced troop housing and community support facilities by $36,410,000 in fiscal year 1990 and $61,330,000 in fiscal year 1991 for a new total of $102,580,000 or fourteen percent in 1990 and $150,710,000 or fifteen percent in 1991.

In the Unaccompanied Personnel Housing category, the fiscal year 1990 request has been reduced twenty-two percent to $53,200,000, while in fiscal year 1991, we have reduced the request by twenty-seven percent for a new total of $85,250,000.

Although this area has been reduced approximately thirty percent each year, we believe that we are continuing to improve the quality of life of many of our soldiers and their families. With your approval of the program now before you, we will continue these essential programs. Our request includes a mix of the thirteen most critically needed community facility projects totaling $49,380,000 in fiscal year 1990 and an additional twenty projects for $65,460,000 in fiscal year 1991 as indicated in the following display:

COMMUNITY FACILITY PROJECTS

	FY 1990	FY 1991
Chapel	1	1
Chapel Center & Child Development Center	1	1
Child Development/Religious Ed Center	2	0
Child Development Center/Addition	6	6
Education Center/Addition	0	2
Physical Fitness Training Center	1	4
Recreation Center	1	0
Snack Bar Upgrade/Cadet Club	0	1
Post Office	1	0
Community Support Facility	0	1
Multi-Purpose Auditorium Facility	0	1
Fire Station	0	3

GEOGRAPHICAL DISTRIBUTION HIGHLIGHTS

UNITED STATES

The amended budget request inside the United States provides $465,780,000 or 63 percent of the fiscal year 1990 program, and $613,870,000 or 62 percent of the fiscal year 1991 program. This is five percent more than originally planned for CONUS in fiscal year 1990 and three percent more in fiscal year 1991.

EUROPE

Our construction program for the United States Army, Europe (USAREUR) has been decreased 41 percent, $84,460,000, in fiscal year 1990 for a new total of $121,000,000. The fiscal year 1991 program was reduced twenty-nine percent, $68,260,000, for a new total of $167,360,000. In relation to total requirements of USAREUR, this is an extremely austere program especially in light of the deplorable conditions many of our soldiers work under in Europe. Your full support of this reduced program will provide the absolute minimum level needed to support the military mission of our deployed soldiers and continue to sustain the fielding of weapon systems vital to U.S. interest in the peace in this theater.

The emphasis of this amended program is on facilities to support the military mission and operational and training functions with 18 of the 21 projects in fiscal year 1990 and 25 of 34 projects in fiscal year 1991 dedicated to this end. The program also supports some quality of life projects for our soldiers in Europe.

WESTERN PACIFIC

The Army continues to support its commitment to the Eighth, U.S. Army (EUSA), Korea, with a $47,750,000 fiscal year 1990 request, which is a 6 percent reduction from the original request. In fiscal year 1991 we are now requesting $71,540,000, a 20 percent reduction, in support of EUSA and $14,800,000 for the U.S. Army, Japan. This program has received minimum reductions since the majority of the program in both 1990 and 1991 is allocated to replacing the deplorable housing facilities used by the 2d Infantry Division and support organizations. In fiscal year 1990 fifty-eight percent of the funds are for housing projects, down two percent, while in fiscal year 1991 over seventy-three percent, up one percent, will be dedicated to this end.

CENTRAL AMERICA

We have made only minor changes to the construction program in this region. In fiscal year 1990, we are requesting Panama's top priority project totalling $7,200,000. The aircraft apron extension will ensure safe operations of the additional, larger helicopters being stationed in Panama and cannot be delayed due to safety considerations. A project in Honduras for replacing wooden "cat hut" tents with relocatable billets, which will provide improved temporary living conditions to personnel assigned to this remote site, was deferred to the fiscal year 1991 program. This will be the last of the barracks upgrade program in Honduras.

SPECIAL PROGRAM HIGHLIGHTS

USAREUR INITIATIVES

Although we have reduced the program in the European Theatre we still have several important initiatives that depend on facilities included in this amended request. These projects will sustain the momentum of our previous programs and provide the required military support for our soldiers and equipment.

The relocation of ground combat units to Vilseck and the Army Aviation Restationing initiatives are continued in the requests for both fiscal years 1990 and 1991. Projects submitted are critical for the fielding of ground combat units and AH-64 Attack Helicopter battalions and are therefore continued as originally scheduled.

Establishment of the Combat Maneuver Training Complex (CMTC) at Hohenfels, which will allow USAREUR armor and mechanized infantry battalions to train in a realistic battlefield environment, has basically been continued. However, several of the support facilities have been delayed but with your support of our revised budget we will still be able to achieve the goal of providing fully operational, realistic training to our forward deployed combat units in USAREUR.

Projects to continue construction in support of operations of the Northern Army Group at the Reichel Complex in Rheinberg have been delayed from fiscal year 1990 to 1991. The projects now included in the fiscal year 1991 request continue the program that began in fiscal year 1987 and are necessary to ensure that the program will be completed. As you know, this complex is being developed as a result of a threat analysis and is ideally located to provide logistical support and coordination in this area.

SPECIAL OPERATIONS FORCES

The Army continues on its planned expansion and enhancement of the Special Operations Forces authorized by Congress, but has modified the fiscal year 1990 request by delaying the construction of the Headquarters Building for the 1st Special Operations Command (SOCOM) to fiscal year 1991. The fiscal year 1990 budget now contains $16,850,000 while fiscal year 1991 is $25,800,000. In fiscal year 1990, we have continued to request funds for the Combat Divers Training Facility to be constructed at Fleming Key, FL, for the J.F. Kennedy Special Warfare Center at Fort Bragg, NC. The amendment changes the location of the fiscal year 1990 project for the flight simulator from Fort Rucker, AL, to Fort Campbell, KY, in order to maximize utilization of this facility at the location where most of our forces using the simulator are stationed. The remaining project in 1990 provides the additional facilities for the Special Operations Aviation units at Fort Campbell, KY. In fiscal year 1991 in addition to the SOCOM headquarters, we have continued the facilities for Special Operations Forces located at Fort Stewart, GA.

CURRENCY REVALUATION IMPACTS

The Army continues to have a concern with the value of the dollar and its impact on our construction program. The request for fiscal years 1990 and 1991 is now budgeted at 1.89 DM per dollar in accordance with the Office of Management and Budget Guidelines, and the price of overseas projects have been lowered to reflect this. The improvement of the value of the dollar, and the reduced European construction program in fiscal years 1990 and 1991 will reduce the impact on our program in future years. But there will still be a problem in the near term since rates from 1986 through 1989 were budgeted at rates varying from 2.99 to 2.06 DM per dollar. I mention this today since it may be a problem that we have to jointly consider. This is the most critical problem we have in awarding and constructing the program requested.

BUDGET REQUEST ANALYSIS

OVERVIEW
MILITARY CONSTRUCTION, ARMY

The amended fiscal year 1990 MCA budget request includes a request for total obligational authority of $745,300,000. In our amended fiscal year 1991 budget, we are requesting for total obligational authority of $995,300,000.

FY 91 MCA

TABLE 1 shows the amended facility categories in which funds are requested and the percentage of the construction dollars by category.

TABLE 1 - FISCAL YEARS 1990-1991
MILITARY CONSTRUCTION, ARMY, PROGRAM
FACILITY CATEGORY SUMMARY

FACILITY CATEGORY	FY 1990 COST ($000)	%	FY 1991 COST ($000)	%
Operations and Training	157,420	21	166,900	17
Maintenance and Production	168,800	23	350,780	35
Research, Development, Test and Evaluation	43,240	6	31,530	3
Supply & Administrative	134,100	18	90,050	9
Unaccompanied Housing	53,200	7	85,250	8
Community	49,380	7	65,460	7
Utilities & Real Estate	53,740	7	96,800	10
Design/Minor	85,420	11	108,530	11
Total	745,300	100	995,300	100

TABLE 2 shows our amended fiscal years 1990 and 1991 distribution of the appropriations request among major commands in the United States and overseas. Construction projects in the United States account for $465,780,000 in fiscal year 1990, sixty-three percent, and $613,870,000 in fiscal year 1991, sixty-two percent. Construction projects outside the United States are only twenty-six percent in fiscal year 1990, $194,100,000 and twenty-seven percent, $267,400,000, in fiscal year 1991. This request also calls for planning and design, and unspecified minor construction of $ 85,420,000 in fiscal year 1990. In fiscal year 1991, this is increased, along with a request for access roads, for a total request of $114,030,000.

TABLE 2 - PROPOSED FISCAL YEAR 1990-1991
MILITARY CONSTRUCTION, ARMY, PROGRAM
COMMAND SUMMARY

FY 1990

COMMAND	COST ($000)	PERCENTAGE OF TOTAL
	INSIDE THE UNITED STATES	
Forces Command	218,540	29.3
Training and Doctrine Command	67,020	9.0
Army Materiel Command	119,190	16.0
Western Command	19,300	2.6
Information Systems Command	10,530	1.4
Army Health Services Command	2,300	0.3
Military District Washington	23,000	3.1
Other	5,900	0.8
Total	465,780	62.5
	OUTSIDE THE UNITED STATES	
US Army, Europe	121,000	16.2
Eighth US Army, Korea	47,750	6.4
Strategic Defense Command	9,500	1.3
Southern Command	7,200	1.0
Intelligence Command	2,550	0.3
Other	6,100	0.8
Total	194,100	26.0
	OTHER	
Planning and Design	74,420	10.0
Unspecified Minor Construction	11,000	1.5
Total	85,420	11.5
Total obligation authority requested:	745,300	100.0
	INSIDE THE UNITED STATES	
Forces Command	266,030	26.7
Training and Doctrine Command	143,450	14.4
Army Materiel Command	177,380	17.8
Western Command	9,600	1.0
Intelligence Command	860	0.1
Information Systems Command	5,400	0.5
Army Health Services Command	550	0.1
Military District Washington	3,700	0.4
Other	6,900	0.7
Total	613,870	61.7

TABLE 2 (CONTINUED) - PROPOSED FISCAL YEAR 1990-1991 MILITARY CONSTRUCTION, ARMY, PROGRAM COMMAND SUMMARY

FY 1991

COMMAND	COST ($000)	PERCENTAGE OF TOTAL
OUTSIDE THE UNITED STATES		
US Army, Europe	167,360	16.8
Eighth US Army, Korea	71,540	7.2
US Army, Japan	14,800	1.5
Southern Command	2,400	0.2
Intelligence Command	800	0.1
Other	10,500	1.0
Total	267,400	26.8
OTHER		
Access Roads	5,500	0.6
Planning and Design	96,530	9.7
Unspecified Minor Construction	12,000	1.2
Total	114,030	11.5
Total obligation authority requested:	995,300	100.0

ARMY FAMILY HOUSING

The amended fiscal years 1990 and 1991 requests sustain efforts started in prior years to improve the operational readiness of the Army while, at the same time, provide quality of life improvements necessary to attract and retain dedicated individuals to serve in the Army. Slight reductions in the AFH request reflect improvement in the value of the dollar overseas.

Adequate family housing continues to be one of our top priorities. This amended budget request reflects the Army's commitment to provide suitable housing for our soldiers and to maintain the quality of the facilities entrusted to our stewardship by only reducing the request by the impact of foreign currency exchange rates.

OVERVIEW

The fiscal years 1990 and 1991 AFH budget includes a request for appropriations of $1,438,200,000 in fiscal year 1990 and $1,617,250,000 in fiscal year 1991, as shown in the following chart:

PROPOSED FISCAL YEARS 1990 and 1991
ARMY FAMILY HOUSING PROGRAM
APPROPRIATIONS SUMMARY

FACILITY CATEGORY	FY 90 APPROPRIATION ($000)	FY 91 APPROPRIATION ($000)
New Construction	17,522	15,300
Post Acquisition Construction	36,329	40,010
Planning and Design	1,349	3,190
Operations	204,596	202,305
Utilities	296,784	305,643
Maintenance	562,120	596,619
Leasing	319,142	453,884
Debt Interest	58	49
Debt Principal	300	250
TOTAL	1,438,200	1,617,250

SUMMARY

Mr. Chairman, in summary, the fiscal years 1990 and 1991 Military Construction Army, request for appropriations of $745,300,000 in fiscal year 1990 and $995,300,000 will provide a minimum support to Army, Defense and National initiatives, our efforts to get equipment out of the mud, provide adequate housing for soldiers, eliminate obsolete and deficient work areas, meet statutory and regulatory requirements, and continue to send a message to our soldiers that their government cares. Approval of this amended request will continue the efforts of the Army and Congress, to provide modern facilities enabling us to attract and retain quality soldiers and maintain worldwide operational readiness and war fighting ability. In the Family Housing area we continue to stress the importance of this program by continuing to fund AFH at the original program level.

STATEMENT OF REAR ADM. BENJAMIN F. MONTOYA

MR. CHAIRMAN, I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO REVIEW THE NAVY'S AMENDED FISCAL YEAR 1990/1991 BUDGET FOR MILITARY CONSTRUCTION AND FAMILY HOUSING. COMPARED TO PRESIDENT REAGAN'S BUDGET SUBMISSION, THE AMENDED REQUEST REFLECTS REDUCTIONS OF 0.8 PERCENT IN FISCAL YEAR 1990 AND 4.8 PERCENT IN FISCAL YEAR 1991 AS INDICATED ON THE ATTACHED SUMMARY.

THE FISCAL YEAR 1990 MILITARY CONSTRUCTION ACCOUNT HAS BEEN REDUCED BY $8.9 MILLION. THE MAJORITY OF THIS AMOUNT, $7.8 MILLION, IS FOR THE DELETION OF PROJECTS AT THE NAVAL STATIONS AT LAKE CHARLES, LOUISIANA AND GALVESTON, TEXAS AS A RESULT OF BASE CLOSURE ACTIONS. THE REMAINING $1.3 MILLION IS FOR A REDUCTION TO THE INDUSTRIAL SUPPORT COMPLEX PROJECT AT THE NAVAL SHIPYARD PUGET SOUND, WASHINGTON, REFLECTING A REVISED COST ESTIMATE.

THE FISCAL YEAR 1991 MILITARY CONSTRUCTION ACCOUNT HAS BEEN REDUCED BY $99.3 MILLION. THIS ADJUSTMENT REPRESENTS THE DEFERRAL OF 24 LOWER-PRIORITY PROJECTS IN THE AMOUNT OF $99.52 MILLION, THE REDUCTION OF PLANNING AND DESIGN BY $500,000, AND THE INCREASE OF THE WEAPONS SCHOOL ADDITION PROJECT AT THE NAVAL AIR STATION, MIRAMAR, CALIFORNIA BY $720,000, REFLECTING THE CURRENT ESTIMATED COST FOR THE PROJECT.

THE FAMILY HOUSING ACCOUNTS FOR FISCAL YEARS 1990 AND 1991 HAVE BEEN REDUCED BY $6.1 MILLION TO ACCOUNT FOR FOREIGN CURRENCY ADJUSTMENTS. THE LARGEST PORTIONS OF THESE REDUCTIONS, $5.7 MILLION IN FISCAL YEAR 1990 AND $5.7 MILLION IN FISCAL YEAR 1991, ARE FROM THE OPERATION AND MAINTENANCE ACCOUNTS WITH THE BALANCE FROM THE CONSTRUCTION IMPROVEMENTS ACCOUNTS.

MR. CHAIRMAN, AS INDICATED IN THE BRIEF SUMMARY I HAVE PROVIDED TO YOU, OUR BUDGET REQUEST HAS NOT CHANGED SUBSTANTIALLY FROM THE ONE THAT I PRESENTED TO YOU TWO MONTHS AGO. IT IS STILL A MODEST, BUT WELL STRUCTURED REQUEST THAT PROVIDES FOR THE ORDERLY COMPLETION OF NEW MISSION INVESTMENTS WHILE INCREASING FUNDING LEVELS FOR SUPPORTING CURRENT MISSIONS AND THE REVITALIZATION OF OUR AGING PLANT. WE CONTINUE TO PLACE EMPHASIS ON FACILITIES THAT DIRECTLY ENHANCE THE QUALITY OF LIFE OF OUR PEOPLE OR THOSE FACILITIES ESSENTIAL TO THE FUTURE OF OUR NAVY. THE AMENDED REQUEST DOES NOT ALTER OUR STRONG COMMITMENT TO OPTIMIZE THE MANAGEMENT OF OUR FACILITIES TO FURTHER ENHANCE THE BASE SUPPORT FOR OUR OPERATING FORCES. MR. CHAIRMAN, WE SOLICIT YOUR FAVORABLE SUPPORT OF OUR AMENDED REQUEST.

FISCAL YEAR 1990/1991 NAVY MILITARY CONSTRUCTION & FAMILY HOUSING

FY 1990

	BUDGET ($000)		REDUCTION	
	ORIGINAL	AMENDED	($000)	(%)
MILITARY CONSTRUCTION	1,142,100	1,133,200	8,900	0.8
FAMILY HOUSING	758,283	752,200	6,083	0.8
TOTAL	1,900,383	1,885,400	14,983	0.8

FY 1991

	BUDGET ($000)		REDUCTION	
	ORIGINAL	AMENDED	($000)	(%)
MILITARY CONSTRUCTION	1,310,300	1,211,000	99,300	7.6
FAMILY HOUSING	877,107	871,100	6,007	0.7
TOTAL	2,187,407	2,082,100	105,307	4.8

STATEMENT OF MAJ. GEN. JOSEPH A. AHEARN

MISTER CHAIRMAN, AND MEMBERS OF THE COMMITTEE, I AM MAJOR GENERAL BUD AHEARN, DIRECTOR OF ENGINEERING AND SERVICES, UNITED STATES AIR FORCE. I AM PLEASED TO BE PRESENTING THE AIR FORCE'S REVISED MILITARY CONSTRUCTION REQUEST FOR FISCAL YEARS 1990 AND 1991. WE ARE ALL AWARE THAT THE REVISED BUDGET SUBMITTED TO THE CONGRESS LAST WEEK REDUCED THE OVERALL DEPARTMENT OF DEFENSE REQUEST FOR FISCAL YEAR 1990 AND 1991 BY $10 BILLION AND $9.9 BILLION RESPECTIVELY. THIS REDUCTION WILL HAVE AN IMPACT ON OUR NEW MISSION MILITARY CONSTRUCTION THAT SUPPORTS WEAPON SYSTEMS BEDDOWNS. RECOGNIZING THAT ALL ELEMENTS OF THE DEFENSE BUDGET WOULD BE ASSESSED VERY CLOSELY, WE WORKED HARD TO MAINTAIN THE FAMILY HOUSING AND CURRENT MISSION AREAS OF OUR PROGRAM AT THE LEVELS OF ORIGINAL BUDGET SUBMISSION. WE WERE SUCCESSFUL AND IN FACT WE SHOW AN INCREASE FOR CURRENT MISSION PROJECTS IN THE REVISED FISCAL YEAR 1991 REQUEST.

OVERVIEW

OUR REVISED REQUEST FOR MILCON AND FAMILY HOUSING IN FISCAL YEAR 1990 IS $2.401 BILLION AND $2.709 BILLION FOR FISCAL YEAR 1991. OUR REVISED FISCAL YEAR 1990 REQUEST REPRESENTS A DECREASE OF $143 MILLION FROM THE JANUARY LEVELS BUT STILL AN INCREASE OF $204 MILLION OVER OUR FISCAL YEAR 1989 REQUEST. THE FISCAL YEAR 1990 AND 1991 INCREASES REPRESENT A COMMITMENT ON THE PART OF OUR LEADERSHIP TO PROVIDE A QUALITY WORKING AND LIVING ENVIRONMENT FOR OUR PEOPLE. THIS INVESTMENT IMPROVES PRODUCTIVITY AND RETENTION.

OUR MILITARY CONSTRUCTION SUBMITTAL IS BROKEN INTO TWO MAJOR SECTIONS - MILCON AND MILITARY FAMILY HOUSING. THE MILCON PART OF OUR REVISED FISCAL YEAR 1990 AUTHORIZATION REQUEST IS $1.385 BILLION, A DECREASE OF $135 MILLION OVER THE JANUARY 1989 AUTHORIZATION REQUEST. OUR REVISED FISCAL YEAR 1991 REQUEST OF $1.606 BILLION IS AN INCREASE OF $27 MILLION. THE FAMILY HOUSING SECTION OF OUR REVISED FISCAL YEAR 1990 AUTHORIZATION REQUEST IS $1.016 BILLION, A DECREASE OF $7 MILLION. OUR REVISED FISCAL YEAR 1991 REQUEST OF $1.103 BILLION IS A DECREASE OF $7 MILLION FROM THE JANUARY 1989 REQUEST. THE DECREASES IN THE FAMILY HOUSING REQUESTS ARE THE RESULT OF FOREIGN CURRENCY ADJUSTMENTS.

AT THIS POINT I WOULD EMPHASIZE SECRETARY OF DEFENSE CHENEY'S PRIORITIES OUTLINED BEFORE THE FULL COMMITTEE LAST WEEK. HE SAID, "MY TOP PRIORITIES ARE QUALITY PEOPLE, FORWARD STRATEGY, READINESS AND SUSTAINABILITY, EFFICIENT PROCUREMENT AND STRATEGIC MODERNIZATION." THE AMENDMENTS TO OUR MILCON REQUEST WERE MADE IN CONTEXT WITH THESE PRIORITIES.

I WILL NOW DISCUSS IN MORE DETAIL THE MAJOR DIFFERENCES BETWEEN THE TWO BUDGET REQUESTS.

PEACEKEEPER - RAIL GARRISON

THE REVISED FISCAL YEAR 1990 REQUEST REDUCES FUNDING FOR PEACEKEEPER - RAIL GARRISON FROM $219 MILLION TO $117 MILLION

SUPPORTING CONSTRUCTION AT F.E. WARREN AIR FORCE BASE, WYOMING AND PLANNING AND DESIGN. THE AMENDED FISCAL YEAR 1991 REQUEST REDUCES FUNDING FROM $317 MILLION TO $271 MILLION.

THE ORIGINAL FISCAL YEAR 1990 AUTHORIZATION REQUEST SUPPORTED MILCON AT F.E. WARREN AIR FORCE BASE AND FOLLOW ON BASES. THE REVISED FISCAL YEAR 1990 AUTHORIZATION REQUEST SUPPORTS MILCON AT F.E. WARREN AIR FORCE BASE ONLY. THE REVISED FISCAL YEAR 1991 MILCON AUTHORIZATION REQUEST SUPPORTS CONSTRUCTION AT F.E. WARREN AIR FORCE BASE AND AT FOLLOW-ON LOCATIONS THAT HAVE NOT YET BEEN ANNOUNCED.

WHILE THE FISCAL 1990 REQUEST HAS BEEN REDUCED, WE WILL STILL BE ABLE TO ACHIEVE AN INITIAL OPERATING CAPABILITY BY JUNE 1992.

B-2 BOMBER

FOR FISCAL YEAR 1990, THE AIR FORCE REQUESTED AUTHORIZATION OF $100.5 MILLION FOR THE THIRD PHASE OF THE BEDDOWN AT WHITEMAN AIR FORCE BASE. FOR FISCAL YEAR 1991, OUR REQUEST AT WHITEMAN AIR FORCE BASE WAS $116.5 MILLION. TO SUPPORT DEPOT MAINTENANCE AT TINKER AIR FORCE BASE, WE REQUESTED $31.8 MILLION IN FISCAL YEAR 1990 AND $23.3 MILLION FOR FISCAL YEAR 1991. THE TOTAL MILCON REQUIREMENT FOR B-2 INCLUDING DESIGN IN FISCAL YEAR 1990 WAS $147.3 MILLION AND FOR FISCAL YEAR 1991 WAS $167.7 MILLION.

THE REVISED BUDGET REQUEST FOR BOTH FISCAL YEAR 1990 AND 1991 DOES NOT CHANGE THE TOTAL AUTHORIZATION REQUESTED, HOWEVER, THERE IS A RESTRUCTURING OF PROJECTS REQUIRED TO SUPPORT INITIAL OPERATING CAPABILITY AT WHITEMAN AIR FORCE BASE. ONE LESS AIRCRAFT DOCK WILL BE REQUIRED. KEY SUPPORT FACILITIES FOR OUR AIRMEN ARRIVING IN 1991 AND 1992 HAVE BEEN INCLUDED IN THE REQUEST. FOR THE OUTYEARS, THE AIR FORCE WILL BE REVIEWING, IN DEPTH, THE MILCON REQUIREMENTS TO SUPPORT THE BEDDOWN OF THIS IMPORTANT STRATEGIC SYSTEM AND THIS REVIEW WILL QUITE LIKELY IMPACT SUBSEQUENT LEVELS OF MILITARY CONSTRUCTION INVESTMENT.

IT SHOULD BE UNDERSTOOD THAT THE MILCON REQUEST FOR WHITEMAN AIR FORCE BASE IS FOR INITIAL DELIVERY OF AIRCRAFT WHICH ARE STILL SCHEDULED TO ARRIVE AS PREVIOUSLY ANNOUNCED.

TITAN IV LAUNCH FACILITIES

FOR VANDENBERG AIR FORCE BASE THE AIR FORCE WAS SEEKING AUTHORIZATION TO CONSTRUCT A SECOND LAUNCH COMPLEX THAT WOULD HAVE PROVIDED A TWO-PAD CAPABILITY FOR THE TITAN IV, GIVING US THE ABILITY TO LAUNCH THE TITAN IV WITH THE CENTAUR UPPER STAGE. TO SUPPORT THIS REQUIREMENT, WE WERE REQUESTING AUTHORIZATION OF $17 MILLION IN FISCAL YEAR 1990 TO BEGIN PHASE ONE OF A FOUR PHASE CONSTRUCTION PROGRAM. FOR FISCAL YEAR 1991, WE WERE REQUESTING $48 MILLION FOR PHASE TWO OF THE CONSTRUCTION PROGRAM. COMPLETION OF THE FINAL TWO PHASES WAS ESTIMATED TO COST $40 MILLION.

OUR NATIONAL PROGRAMS STILL DRIVE A NEED FOR TWO LAUNCH PADS ON THE WEST COAST. HOWEVER, DUE TO BUDGET CONSTRAINTS, WE HAVE MOVED THE INITIAL LAUNCH CAPABILITY FOR THIS SECOND PAD TO FISCAL YEAR 1996 AND HAVE DEFERRED THE MILCON FACILITY REQUIREMENT FOR TWO YEARS.

IN THE REVISED FISCAL YEAR 1990 BUDGET THE AIR FORCE IS REQUESTING $89 MILLION FOR THE CONSTRUCTION OF A NEW SOLID ROCKET MOTOR ASSEMBLY BUILDING (SRMAB) TO ALLOW FOR ASSEMBLY AND PROCESSING OF THE SOLID ROCKET MOTOR UPGRADE FOR THE TITAN IV AT CAPE CANAVERAL AIR FORCE STATION, FLORIDA.

OTHER MAJOR CHANGES TO THE REVISED AUTHORIZATION REQUEST TOOK PLACE IN THE CURRENT MISSION MILCON FOR FISCAL YEAR 1991 WHERE THERE IS A NET INCREASE OF $132 MILLION. IN LIGHT OF THE ADJUSTMENTS IN WEAPONS SYSTEMS ACQUISITION AND REALIGNMENT IN MILCON PROJECTS SUPPORTING THESE SYSTEMS, THE AIR FORCE ELECTED TO RESTORE THE MUCH NEEDED BASE INFRASTRUCTURE CONSTRUCTION PROJECTS TO THE PROGRAM.

CONCLUSION

MISTER CHAIRMAN, IN MY PREVIOUS STATEMENT TO THIS COMMITTEE I SAID THAT THE AIR FORCE LEADERSHIP AND THE CONGRESS RECOGNIZE THE IMPACT QUALITY FACILITIES HAVE IN BUILDING AND RETAINING A QUALITY FORCE. OUR REVISED MILCON AND FAMILY HOUSING AUTHORIZATION REQUESTS FULFILL OUR FIRST PRIORITY - COMMITMENT TO OUR PEOPLE AND THEIR MISSION EFFECTIVENESS.

MISTER CHAIRMAN, I AM HONORED TO BE ABLE TO APPEAR BEFORE YOU TODAY AND TO REPRESENT THE UNITED STATES AIR FORCE. I AM PREPARED TO ANSWER YOUR QUESTIONS.

BUDGET CHANGES -- MILCON

FY 90

	REAGAN	BUSH
NEW MISSION	991	866
CURRENT MISSION	529	519
TOTAL MILCON	1520	1385
MFH	1023	1016
TOTAL	2543	2401

BUDGET CHANGES -- MILCON

FY 91

	REAGAN	BUSH
NEW MISSION	983	878
CURRENT MISSION	596	728
	------	------
TOTAL MILCON	1579	1606
MFH	1110	1103
	======	=======
TOTAL	2689	2709

[CLERK'S NOTE.—Subsequent to the hearings, the following statements from outside witnesses were submitted for printing in the record.]

STATEMENT OF MAJ. GEN. JOHN L. FRANCE, VICE PRESIDENT, AIR, NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

INTRODUCTION

Mr. Chairman, and members of the subcommittee, I sincerely appreciate this opportunity to present the views of the National Guard Association of the United States on the FY 1990 and 1991 military construction programs of the Army and Air National Guard.

In the past our Association has been primarily concerned with filling the shortages in manpower, equipment and facilities that exist within National Guard forces. This year we again have a potentially more significant concern -- that is the possible loss of highly trained personnel and overall combat capability, if budget and deficit reduction actions result in force structure cuts in the National Guard and Reserve.

We certainly understand the desire to reduce the deficit. We also recognize the need to maintain the most effective mix of active, Guard and Reserve forces. However, our nation's leaders must be certain that near term, and possibly temporary, budget reduction actions do not reverse or eliminate much of the progress made during the past decade in improving the quality and effectiveness of our combat forces.

During the 1980s, few changes have been made in the size of our defense forces -- that is in to the number of combat units and associated manpower -- except for some growth in the Navy. The majority of the defense effort has been devoted to improving the quality of both the personnel and equipment in the Total Force. Those efforts have paid off in significant improvements in defense readiness, although some manpower shortages and substantial equipment and facility shortages remain. We are concerned that current actions being taken to reduce the deficit will result in a permanent loss of a large number of highly trained personnel, for which we have worked so hard to recruit and retain in recent years.

GOALS AND OBJECTIVES

The overall goal of the National Guard Association of the United States is to maintain the freedom and security of this nation by guaranteeing a strong national defense, primarily through the provision of a vital and dynamic National Guard as a part of the Total Force.

To achieve that goal, we believe the National Guard must be given the manpower, equipment and facilities necessary to meet the readiness requirements of the units and missions currently assigned to the Army and Air Guard. Additional units and missions should be assigned only if the necessary resources are provided along with the tasking and if the missions can be performed in a cost-effective and combat effective manner in the best interests of the Total Force.

Our purpose today is to identify what we believe are the most critical deficiencies in providing the necessary maintenance and training facilities to National Guard units.

THE FY 1990/1991 MILITARY CONSTRUCTION PROGRAMS

The military construction projects included in the Army and Air National Guard budget requests are the minimum essential for peacetime training, equipment maintenance, and resource management.

The military construction budget request for the Army National Guard is $125.0 million in FY 1990 and $138.4 million in FY 1991. It provides:

	FY 1990	FY 1991
Major Construction	$112,700,000	$126,975,000
Minor Construction	7,500,000	7,500,000
Planning and Design	4,800,000	4,025,000

The FY 1990 program will build, upgrade or expand 27 armories and provide for construction of 46 other major construction projects in 33 states.

The military construction budget for the Air National Guard is $164.6 million in FY 1990 and $107.2 million in FY 1991. The requests includes:

	FY 1990	FY 1991
Major Construction	$155,600,000	$97,500,000
Minor Construction	2,500,000	2,500,000
Planning and Design	6,500,000	7,200,000

The FY 1990 program will provide 93 projects in 37 states at 55 installations. Over two thirds of the major construction program is in support of new mission force growth and modernization. The balance is to replace and upgrade antiquated current mission facilities and utility systems.

The specific proposals of the National Guard Association for FY 1990 to ensure adequate facilities are available, to accommodate mission changes, and to enhance the readiness of the National Guard are outlined below.

CONSTRUCTION BACKLOG

The most critical facilities issue facing the Army and Air National Guard which impacts on readiness is the growing backlog of unfunded construction projects. By the end of FY 1990, the Army Guard unfunded total will be more than $2.6 billion and the Air Guard unfunded projects will total approximately $1.1 billion.

Congressional funding of additional projects in FY 1989 was certainly helpful. Completion of those projects will eliminate at least a small portion of the current mission facility backlog.

Although we recognize the magnitude of the task of attempting to reduce the budget deficit, the National Guard Association is again recommending an increase to this year's major construction budget requests. We support the proposals made the past several years by Congress to increase the overall share of the Defense Budget devoted to Guard and Reserve construction. We believe the level of funding should be sufficient to fully fund new mission requirements and begin to reduce the backlog. Further delay in halting and reversing the growing backlog in construction requirements will have an expanding negative impact on Total Force readiness.

The technology of training devices and simulators, along with budget constraints on training days, travel and other resources, is causing training to shift back into the Army National Guard armory. While this enhances the value of armories, it exacerbates the impact of deteriorating armories and lack of storage and training facilities on sustaining training and readiness. Armory repair, upgrades and modification are a significant part of the growing backlog.

We believe the major construction budget requests of the Army and Air National Guard provide funding for only the most critical facility requirements. Indeed, the current level requested will result in a further increase in backlog in both components and will cause a further deterioration of existing facilities.

The National Guard Association strongly recommends an increase in both requests, to provide approximately $250 million to each in order to begin a gradual decrease in the backlog of construction projects. We urge your support of the full budget requests and of the attached list of additional projects to reduce the backlog. We also urge that the FY 1991 program be expanded to replace those projects accelerated into FY 1990 and to raise the FY 1991 total to $250 million each to continue the reduction in the backlog of current mission projects.

MINOR CONSTRUCTION

The Army National Guard Minor construction backlog is currently almost $150 million. That total includes a $54 million program to bring approximately 800 ARNG armory indoor rifle ranges up to OSHA health and safety standards. A report on that program was transmitted to Congress as directed last year. However, because of budget constraints no funding is included in the FY 1990 budget for this program.

The Air National Guard minor construction budget should be increased from $2.5 million to $5 million in FY 1990. This increase is needed to finance a series of urgent projects generated as a result of recent force structure changes.

The National Guard Association urges your support of an additional unspecified minor construction authorization of $12.5 million in FY 1990 in order to continue elimination of the Army National Guard backlog of indoor rifle range and other training support facility projects and to cover the Air National Guard force structure changes. The range program is included in the FY 1991 request at a level of $12.76.

SUMMARY

Mr. Chairman, I have discussed the FY 1990 and 1991 Army and Air National Guard Military Construction programs and indicated our concern with the growing backlog of critical construction requirements.

We fully support all projects included in the Army and Air National Guard Military Construction budgets. However, we believe it is essential that additional projects be authorized and funded in FY 1990, but not at the expense of FY 1991 projects already prioritized and justified in the budget.

We urge your support of an increase in Army and Air National Guard construction funding in both years to a total of approximately $250 million in each program, so that we can begin to make some progress in reducing the growing current mission facilities backlog. For the future, we support establishment of a baseline for current mission requirements on top of which funding for new mission requirements would be added.

We also urge support for an additional $12.5 million of minor construction funding in FY 1990 to continue the indoor rifle range modernization program and for force structure changes. These are areas that are directly related to combat readiness and should be completed as quickly as possible.

Mr. Chairman, we are grateful for the past support of you and the members of this subcommittee. We share equal concerns for improving the readiness of our total defense forces and we look forward to your continuing support in the future.

Proposed Additional Projects for FY 1990 Military Construction Budget of the ARNG and ANG

Projects to be accelerated from FY91 request:

State	Location	Project	Cost ($ thousands)
Alabama			
Army National Guard			
	Selma	Armory, Training and Storage	1,429
	Selma	Organizational Maint Shop	577
Air National Guard			
	Dannelly	Add to NDI and Welding Shop	350
Alaska			
Air National Guard			
	Kulis	Fire Suppression System	3,950
Arizona			
Air National Guard			
	Sky Harbor	Composite Support Facility	1,800
	Tucson	Add to Aircraft Parking Apron	4,250
	Fort Huachuca	Composite Deployment Support Fac	2,350
Arkansas			
Army National Guard			
	Camp Robinson	Trng Site, Troop Complex	4,125
	Camp Robinson	PEC, Quarters, PH VII	6,084
Air National Guard			
	Fort Smith	Taxiway	380
	Fort Smith	Add to and Alter Fire Station	640
Florida			
Army National Guard			
	Tallahassee	Armory, Training and Storage, Add/Alt	720
Air National Guard			
	Camp Blanding	Base Supplies/Equipment Whse	1,100
	Camp Blanding	Comp Gen Spt and Training Fac	2,250
Georgia			
Army National Guard			
	Jackson	Organizational Maint Shop, Add/Alt	400

Air National Guard		
Hunter	Mobility Storage Warehouse	300
Illinois		
Air National Guard		
Greater Peoria	Fuel Systems Maint/ Corrosion Control Facility	2,000
Indiana		
Army National Guard		
Camp Atterbury	State Military Academy	4,798
Air National Guard		
Hulman	POL Ops and Laboratory	275
Iowa		
Army National Guard		
Denison	Armory, Training and Storage	989
Maine		
Air National Guard		
Bangor	Fire Suppression System	850
Maryland		
Air National Guard		
Martin	Alter Composite Support Fac	345
Massachusetts		
Air National Guard		
Barnes	POL Operations Facility	280
Michigan		
Army National Guard		
Wayne County	Armory, Training and Storage	2,000
Wayne County	Organizational Maint Shop	470
Minnesota		
Army National Guard		
Minneapolis	Armory, Training and Storage	1,864
Missouri		
Air National Guard		
Rosecrans	Alter Ops and Training Fac	1,200
Rosecrans	Add to Aircraft Welding Shop	300
Mississippi		
Air National Guard		
Gulfport	Comm-Electronics Training Fac	2,300
Gulfport	Add to and Alter AGE Vehicle Maintenance Facility	1,150

Gulfport	Add to and Alter Base Engr Maintenance Facility Fac	520
Gulfport	Alter Base Supply Warehouse	230
Key Field	Aircraft Maint Dock	10,000
Thompson	Base Civil Engr Fac	1,600
Thompson	Comp Medical Training and Security Police	1,500
Nevada		
Air National Guard		
Reno	Composite Dining/ Medical Training Facility	2,400
New York		
Air National Guard		
Schenectady	Aeromedical Evacuation Tng Fac	1,600
Suffolk	Fire Detection/ Suppression System	1,400
North Carolina		
Army National Guard		
Clinton	Armory, Training and Supply	1,583
North Dakota		
Air National Guard		
Hector	Alter Maintenance Hangar	900
Hector	Munitions Maintenance & Storage Complex	2,100
Oregon		
Army National Guard		
Camp Rilea	Range, ARF (Rets)	925
South Carolina		
Air National Guard		
McEntire	Add to and Alter Communications Facility	550
Tennessee		
Army National Guard		
Winchester	Armory, Training and Storage	1,023
Smyrna	Combined Support Maint Shop	5,270
Fayetteville	Armory, Training and Storage	780
Tullahoma	Range, Modified Record Fire (MRF)	483
Air National Guard		
McGhee-Tyson	PMBC Administrative Support Fac	2,400
Texas		
Air National Guard		
Ellington	Alert Facilities	2,400

Utah		
Logan	Armory Training and Storage Add/Alt	788
Washington		
Air National Guard		
Camp Murray	Add to Dining Hall	310
Camp Murray	Add to Vehicle Maintenance	315

New projects to be added:

Alabama		
Army National Guard		
Elgin AFB	Range, Mutipurpose, Upgrade	3,295
Air National Guard		
Birmingham	Upgrade Taxiway	470
Hall	Vehicle Storage Facility	330
Arizona		
Army National Guard		
Showlow	Organizational Maint Sub Shop	467
Arkansas		
Army National Guard		
Camp Robinson	C-12 Hangar	300
Benton	Armory, Training and Storage	914
Air National Guard		
Fort Smith	Munitions Maintenance Facility	2,100
California		
Army National Guard		
Camp Roberts	Range Rehab KD	300
Air National Guard		
Fresno (deferred from FY86)	Fire Suppression System	1,000
Ontario	Alter Bldg 5	380
Buckley	Power Check Pad	700
Connecticut		
Army National Guard		
Camp O'Neill	Trng Site, Bks/Adm/Sup/Lat PH II	2,876
Air National Guard		
Bradley (deferred from FY86)	Fire Suppression System	1,000
Florida		
Army National Guard		
St. Augustine	Armory, Training and Storage	2,332
St. Augustine	Organizational Maint Shop	320
Camp Blanding	Range, Mout Assault Course	300
Wauchula	Armory, Training and Storage	1,077

Illinois		
Army National Guard		
Williamson County	Armory, Training and Storage	2,152
Williamson County	Organizational Maint Shop	440
Indiana		
Army National Guard		
Fort Wayne	Armory Training and Storage	1,750
Fort Wayne	Organizational Maint Shop	483
Camp Atterbury	Trng Site, Facility PH 6B	4,550
Camp Atterbury	Range, Night Fire	286
Camp Atterbury	Range, AFF (Rets) Upgrade	369
Kansas		
Army National Guard		
Fort Riley	Mob and Training Equip Site Exp	5,733
Louisiana		
Army National Guard		
Amite	Armory, Training and Storage	900
Bogalusa	Organizational Maint Shop	687
Camp Beauregard	Organizational Maint Shop	637
Lafayette	Organizational Maint Shop	599
Maine		
Army National Guard		
Bog Brook-Riley	Range, 50 M Baffled 10M/M60 Machi	334
Maryland		
Army National Guard		
Annapolis	Armory, Trng and Storage Add/Alt	994
Dundalk	Armory, Trng and Storage Add/Alt	1,106
Hagerstown	Armory, Trng and Storage Add/Alt	1,322
Michigan		
Army National Guard		
Camp Grayling	Trng Site, Waste Trmt Plant	3,283
Camp Gayling	Trng Site, BOQ	940
Taylor	Motor Vehicle Storage Bldg	742
Wayne County	Motor Vehicle Storage Bldg	796

Minnesota		
Army National Guard		
Brainerd	Motor Vehicle Storage Bldg	519
Camp Ripley	USPFO Addition	558
Mississippi		
Army National Guard		
Flowood (Jackson)	USPFO Addition	590
Missouri		
Air National Guard		
Lambert	Alter Engine Shop	400
Nevada		
Army National Guard		
Carson City	Combined Support Maint Shop	3,100
Carson City	Organizational Maint Shop	676
New Jersey		
Air National Guard		
McGuire	POL Operations Facility	500
New Mexico		
Army National Guard		
Santa Fe	Combined Support Maint Shop	2,132
Santa Fe	USPFO, Warehouse	905
North Carolina		
Army National Guard		
Camp Butner	Range, Modified Record Fire (Rets)	1,000
Fort Bragg	Mob and Trng Equip Site Pavement	2,600
Raleigh	USFPO Addition	2,100
Air National Guard		
Charlotte	Composite Maintenance Hangar	10,000
Charlotte	Add to and Alter Fuel Cell/Corrosion Control Dock	2,400
Charlotte	Add to and Alter Squadron Operations	600
Ohio		
Air National Guard		
Rickenbacker	Power Check Pad	700
Oklahoma		
Army National Guard		
Norman	Armory, Training and Storage	870
Oregon		
Army National Guard		
Umatilla Army Depot	Range, 300 Meter KD Complex	400

Pennsylvania		
Army National Guard		
Fort Mifflin	Organizational Maint Shop	339
Puerto Rico		
Army National Guard		
Fort Buchanan	Armory, Training and Storage, PH I	8,400
Air National Guard		
	Fire Suppression System	1,000
South Dakota		
Army National Guard		
Fort Meade	Trng Site, Barracks	590
Texas		
Air National Guard		
Ellington	Alter Hangar	1,800
Utah		
Army National Guard		
Utah County, South	Armory, Training and Storage	2,289
Utah County, South	Organizational Maint Shop	902
Vermont		
Army National Guard		
Camp Johnson	Organizational Maint Shop	926
Air National Guard		
Burlington	Add to and Alter Engine Shop	450
Virginia		
Army National Guard		
Newport News	Armory, Training and Storage	2,600
Sandston (Byrd Field)	Army Aviation Spt Facil Add/Alt PH II	2,100
Air National Guard		
Richmond	Aircraft Arresting System	600
Richmond	Power Check Pad	650
Richmond	Add to and Alter Avionics/Engine Shop	1,350
West Virginia		
Air National Guard		
Yeager	Add to and Alter Telecomm Fac	600
EWVRA	Add to and Alter Training Facility	650
Wisconsin		
Army National Guard		
Appleton	Motor Vehicle Storage Bldg	396
Prairie du Chien	Motor Vehicle Storage Bldg	380

Air National Guard		
Truax	Add to and Alter Vehicle Maint Facility	950
Truax	Alter Bldg 402	990
Volk	Alter Medical Training Facility	250
Volk	Alter Sewage Treatment Plant	1,750
Wyoming		
Army National Guard		
Camp Guernsey	Trng Site, 200-Person BKS	1,238
Lander	Organizational Maint Sub Shop	277

Amended FY 1990 for cost growth:			Adj Proj Value
Idaho			
Army National Guard			
Gowen Field	Mobilization and Training Equip Site	$+ 600	$4,029
Wyoming			
Army National Guard			
Camp Guernsey	Range, Modified Record File	+ 220	$1,010
Miscellaneous			
Army National Guard			
Various Locations	Minor Construction	1,250	
	Planning and Design	6,933	
Air National Guard			
Various Locations	Planning and Design	6,000	
TOTAL MAJOR CONSTRUCTION ARNG		$119,482	
TOTAL MAJOR CONSTRUCTION ANG		$ 91,915	
MINOR CONSTRUCTION PROGRAM			
ARNG, RANGES		$ 10,000	
ANG, FORCE STRUCTURE CHANGES		2,500	

STATEMENT OF MAJ. GEN. EVAN L. HULTMAN, EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

On behalf of the more than 115,000 members from each of the uniformed services, I appreciate the opportunity to address this committee to present the Association's concerns relating to military construction for the Reserve Components for Fiscal Year 1990.

The Reserve Officers Association expresses its gratitude to this committee for its continuing support of the Guard and

Reserve. Without its generous consideration, the readiness of the Reserve Components would be greatly reduced.

The Congress has repeatedly instructed the Department of Defense to designate at least ten percent of the total military construction request for the Guard and Reserve facilities. Under pressure to make budget reductions, the DoD has reduced its military construction request for the Reserve components to amounts well below the ten percent goal. The add-ons provided by the congress have been responsible for desperately needed facility improvements.

Since the early 1970's, this nation's defense forces have experienced significant shift of missions and force structure from the active to the Reserve Components. Given the initiatives by Soviet President Gorbachev to reduce conventional forces in Europe, the changing perception that the world is safer, the thrust to reduce US forces in Europe and elsewhere in the world and finally the pressure to shrink the national debt by cuts in the defense budget, the calls to shift even more missions and force structure from the active to the Reserve Components have increased.

ROA would remind this committee that unless transfers of force structure to the Guard and Reserve are followed by the provision of resources, combat readiness will necessarily be degraded. Savings can be realized by placing force structure in the Reserve Components. If, having served as the vehicle for attaining a cheaper force structure, subsequent budget cuts are applied equally to military construction for the Reserve and the active forces, combat capability and readiness suffer drastically. This "double dipping" must be recognized for what it is.

The emphasis in recent years has necessarily been on new facilities to accomodate new and expanded missions. Meanwhile, inadequate facilities have continued to deteriorate. The backlog of construction projects in support of ongoing missions have grown disproportionately. Unless the backlog of deferred military construction projects is attacked aggressively, the Reserve Components cannot meet their total force commitments.

ARMY RESERVE

The Military Construction, Army Reserve (MCAR) Appropriation has negative growth in FY90 and FY91. As a result of DOD decrements, the USAR construction backlog will grow to $2.1 billion by the end of FY94.

Backlog is the result of unfunded facilities requirements generated over more than a decade of changes of force structure, procurement of new equipment, training initiatives, and shifts of population migration patterns.

The impacts of the large MCAR decrements are sobering. Major consequences and the results of these decrements are:

Revitalization of existing facilities physical plants will continue to suffer as high-priority, new initiatives make a first claim on dollars provided. There are presently 480 USAR facilities rated inadequate. Of these, 206 must be completely rehabilitated and converted to ensure training and readiness goals; 164 require outright replacement because of deteriorated physical conditions, and 110 require major alterations and/or additions to relieve overcrowding and make them functionally adequate. Although difficult to quantify, studies show that the quality of the facilities is related directly to the retention, morale, training level, and readiness of quality soldiers.

In addition, because Army Reserve centers are highly visible in hundreds of local communities on "Main Street, USA," they stand either as proud symbols of the nation's military resolve or as eyesores incongruent with community standards, and thus fail to demonstrate the Army's commitment to national defense. Unfortunately, too many existing facilities, by their very appearance and condition, send the wrong message to community leaders and citizens and discourage employer support of Reserve soldiers.

MCAR decrements also mean that costly leases will be extended and permanent construction deferred until resource outlook improves. Leases on temporary facilities are increasingly costly and are leading to outyear shortfalls in the OMAR account, which is already strained, since OMAR funding is used to retain and renew leases. Furthermore, as permanent construction is delayed, leased facilities become increasingly inadequate as the size of the assigned unit grows and missions are expanded and modified. Most leased facilities, because of their temporary use, are not configured to unit requirements, and in some cases are marginally useful. In numerous cases, they are acquired as a supplement at locations that are sometimes at great distances from existing constructed facilities. In the final analysis, recruitment, morale, and retention are eroded.

Together, these impacts from MCAR decrements adversely affect training, retention, readiness and the US Army Reserve's combat service/combat service support contribution to the Army's conventional warfighting capabilities.

Recommended additions to the Military Construction,
Army Reserve Appropriation
FY 1990

MCAR PROGRAM NOT FUNDED

(65% Design Complete or Greater)

LOCATION	DESCRIPTION	COST ($000)
ENID, OK	LOCAL TRAINING AREA	1,562
NEW CUMBERLAND, PA	NEW USARC/OMS	3,892
FT. JACKSON, SC	ADD/ALT USARC/OMS	5,543
KINGSBURY, IN	LOCAL TRAINING AREA	3,940
LEXINGTON, KY	NEW USARC	3,762
FT. LEONARD WOOD	NEW ECS	4,431
FT. LEWIS, WA	NEW USARC/OMS/ECS	11,574
JASPER, AL	ADD/ALT USARC/OMS	2,143
TOPEKA, KS	ADD/ALT USARC/OMS	6,521
PEDRICKTOWN, NJ	NEW USARC/OMS	6,079

LOCATION	DESCRIPTION	COST ($000)
EDISON, NJ	ADD/ALT USARC/OMS	10,757
FT. JACKSON, SC	NEW USARC/OMS/DS/GS	9,913
GENEVA, PA	NEW ECS/AMSA	6,151
MUSKOGEE, OK	ADD/ALT USARC	2,195
BELOIT, WI	ADD/ALT USARC/OMS	2,228
ST. MARYS, PA	ADD/ALT USARC/OMS	1,488
FREDERICK, MD	NEW USARC/OMS	4,795
WICHITA, KS	ADD/ALT USARC/OMS	7,448
BRIDGETON, ME	ADD/ALT USARC/OMS	2,105
N. CHARLESTON, SC	ADD/ALT USARC/OMS/AMSA	7,544
	TOTAL	104,071

AIR FORCE RESERVE

We are proud that the Air Force Reserve (AFR) is combat ready and supplied with modern equipment and well-trained, motivated personnel. The military construction program that has been requested is necessary to support that high state of combat readiness and new state-of-the-art equipment.

End strength has continued to grow in the past year; FY88 saw 82,116 personnel assigned to the AFR Selected Reserve. This is nearly double the end strength in 1973. These personnel are the backbone of the AFR's remarkable combat readiness. Providing them with state-of-the-art training programs is essential to meet increases in future readiness goals without adding to the Reservists' already heavy participation requirements. Self-paced program instruction, part-task trainers, multi-media learning programs, and computer simulation are all included in these programs. We ask the Congress to continue the generous support provided for past training requirements.

ROA is concerned that budget constraints have resulted in the Air Forces' proposing to "double-dip" the Air Force Reserve in its zeal to meet the FY90 spending limits. Significant savings are made when force structure is transferred to the Reserve components; we ask that these savings not be "double-dipped" by applying across-the-board cuts to the AFR military construction program. For example, the AFR's FY90 request is 35% lower than in FY89. While some of this decrease is due to a decrease in new mission requirements, the Air Force established a ceiling that leaves many current construction requirements unfunded. We request that the Committee consider the following projects for add-on funding:

BASE	PROJECT	COST
Youngstown	Shortfield Landing Zone	$5,200,000
Pope AFB	Civil Engineering Training	710,000
Selfridge ANGB	Add/Alter Fuel System Maint.	590,000
Wright Patterson AFB	Upgrade Hanger	3,706,000
Hickam AFB	Aerial Port Training Fac.	1,000,000
Keesler AFB	Medical Training/Admin.	580,000
Kelly AFB	Composite Training	1,400,000
Dobbins AFB	Readiness Addition 14AF	2,900,000
McConnell AFB	Civil Engineering Training	940,000
Great. Pittsburg IAP	Reserve Medical Training	1,900,000
McChord AFB	Medical Training/Admin.	390,000
	SUBTOTAL	19,316,000
	PLANNING & DESIGN	2,000,000
	TOTAL	$21,316,000

We have shared the AFR's concern that the emphasis in recent years has been on new facilities to accommodate new and expanded missions. Meanwhile some existing inadequate and deteriorating facilities have been retained. We cannot expect to retain the same high level of effectiveness in the future unless aging physical plants are modernized and/or replaced. At current funding levels, the AFR's plant renewal cycle is approximately 100 years. Clearly, this problem must be addressed and a more realistic program of renewal must be established and funded.

By the end of FY88 the backlog of deferred military construction projects was $696 million for the Air Force Reserve. Unless this backlog is vigorously attacked in the FY 1990 military construction funding, it will continue to rise to the detirement of operational capabilities. ROA urges the Committee to provide additional funds to reverse this trend in deferred, but necessary projects.

In summary, with your continued understanding and support, the Air Force Reserve will continue to provide a superb, cost effective, combat ready fighting force. Exercises and real world contingencies have proved that all AFR units can mobilize in 24 hours and deploy within 72 hours. The AFR is ready, better and stronger than ever before; we ask that you provide the resources to keep it that way.

NAVY AND MARINE CORPS RESERVE

As ROA repeatedly testified, many Navy and Marine Corps Reserve facilities need replacement. Most were constructed in the 1940's or early 1950's. More than 80 Reserve Centers (almost 40 percent) exceed 40 years of age and are either wooden frame or early forms of pre-engineered structures. In fact, the average age of all Navy & Marine Corps Reserve facilities is 39 years. Four of six Naval Air Stations were designed and constructed during World War II. The construction backlog of the Navy and Marine Corps Reserve has increased dramatically in the past ten years. It now exceeds one billion dollars, approximately 40 percent of the current $2.6 billion plant value of existing facilities.

Such old facilities are not only inefficient because they consume excessive Operations and Maintenance funds for maintenance, repair and for energy consumption; but their lack of modernity inhibits training, adversely affects retention by reducing pride and performance of individual Reservists, and has the cumulative impact of reducing mobilization readiness.

The President's Fiscal Year 1990 budget request for the Military Construction Naval Reserve (MCNR) appropriation is for only $50.9 million -- only four percent of the Navy's request for military construction (not including family housing.)

The level is $10 million less than Fiscal Year 1989. Obviously, funding at such a low level is counter productive to all the other efforts to improve the readiness and increase the proportion of our Nation's military capability that rests in the Reserve forces.

ROA supports approval of those projects included in the FY90 Budget Submission and strongly recommends approval of an additional $22.74 million which is unbudgeted but executable in Fiscal Year 1990. Only by approving a program higher than the level requested, can Congress hope to reverse the unsatisfactory trend of deteriorating facilities and ever increasing construction back-logs.

The $22.74 million addition recommended for Fiscal Year 1990 would result in a total of $73.64 million. A MCNR program of this size would be approximately the same as the Fiscal Year 1988 level, and only $12.74 million over the Fiscal Year 1989 level, not even enough to compensate for inflation over these two years.

The projects recommended (see the list below) includes $6.33 million for acquisition of three sites which are under short term lease/purchase agreements which will expire in the near future. The lease/purchase of existing buildings, most which were former schools, is a highly cost effective way to replace old and deteriorated facilities and should be encouraged by Congress. The remaining projects require new construction. All are beyond the 35 percent design status criterion required by Congress for inclusion in a budget request and will be ready for contract awarding in FY90.

Recommended additions to the Military Construction, Navy Reserve Appropriation FY 1990

LOCATION	PROJECT	COST($000)
Naval Air Reserve, San Diego, CA	Aircraft Parking Apron	3,560
Naval Air Reserve, Memphis, TN	Marine Corps-Logistics Support Facility	1,800
Navy/Marine Corps Reserve Center Greenbay, WI	Reserve Center Addition	600
Naval Air Station Glenview, IL	Runaway and Apron	3,750
Naval Reserve Center Kearny, NJ	Air Condition Reserve Center	800
Air Nat'l Guard Base Stewart, NY	Marine Corps-Corrosion Control Hangar	5,300
Naval Air Station New Orleans, LA	Training building Addition	600
Marine Corps Reserve Center Marietta, GA	Acquire existing Reserve Center	4,300
Marine Corps Reserve Center Montgomery, AL	Acquire existing Reserve Center	630
Marine Corps Reserve Center Fort Worth, TX	Acquire existing Reserve Center	1,400
	TOTAL	22,740

[CLERK'S NOTE.—Subsequent to the hearings, the subcommittee received the following statement from Senator Daniel K. Inouye.]

STATEMENT OF SENATOR DANIEL K. INOUYE

Mr. Chairman, the Department of Defense is justifiably proud of the progress it has made in creating one of the largest and best medical systems in the world. Working alone and in concert with their civilian counterparts, military medical treatment facilities (MTF's) have made contributions to the art of medicine in a diverse range of specialties, including neonatology and bone marrow transplants.

One of the most important fields in which military medicine has excelled has been in the treatment of burns. The Institute of Surgical Research—more popularly known as the "Army Burn Center"—at Brooke Army Medical Center in San Antonio, Texas, enjoys worldwide stature and renown for its innovative work in the treatment of life-threatening burns such as might be found in a wartime setting.

The Army Burn Center trains not only American military physicians in burn treatment but also civilian and foreign doctors. Across this country, at least fifty civilian doctors who have been trained at the Burn Center are serving in burn units, including 33 who are now directors of burn centers. I mention these achievements only to point out the importance of the Army Burn Center to both the military and civilian communities.

As this Subcommittee is well aware, agreement has been reached on the construction of a replacement Brooke Army Medical Center. As originally conceived, the new plan included both beds for the Burn Center and a laboratory for the research portion of the Institute of Surgical Research.

In November, 1988, the Assistant Secretary of Defense for Health Affairs, Dr. William Mayer, informed the Army that, while beds would be set aside in the new facility for the treatment of burns, he was deleting the laboratory from the construction project. He indicated that design of the laboratory would be completed to 35 percent and then terminated. He further urged the Army to include the research laboratory in its military construction program.

The difficulty here is that Dr. Mayer did not inform the Army of his plans to delete the laboratory until it was too late for the Army to include funding in its fiscal year 1990 military construction request. Therefore, as of now, this research facility will not be built.

Mr. Chairman, this is far too important a facility to let die because of a bureaucratic error made in the budget process. Army estimates that construction of the research laboratory would require approximately $15.2 million.

While I am fully cognizant of the constraints imposed upon all of us this year in budgetary matters, it does seem to me that $15.2 million spent for the research laboratory for the Burn Center would be money very well spent. Without these funds, the Army and the nation would lose one of their most valuable resources. I am hopeful that this subcommittee will find it possible to provide funding for this facility, and I would request that you support such a proposal.

Thank you for your kind attention.

CONCLUSION OF HEARINGS

Senator SASSER. This hearing is the last regular hearing of the subcommittee. We are trying to be on a fast track here with the appropriations in Congress this year. Unhappily, the Department of Defense is not, and we are still waiting for their budget revisions which will not be received for another month. I hope we will be able to proceed to mark up without calling another hearing after the budget revisions are received.

I will say again, as I have said to every service witness, I hope the Department keeps the priorities of this committee and the Congress in mind as they revise the budget request.

There being nothing to come before the subcommittee, this hearing is recessed.

[Whereupon, at 10:45 a.m., Monday, March 13, the hearings were concluded, and the subcommittee was recessed to reconvene subject to the call of the Chair.]

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